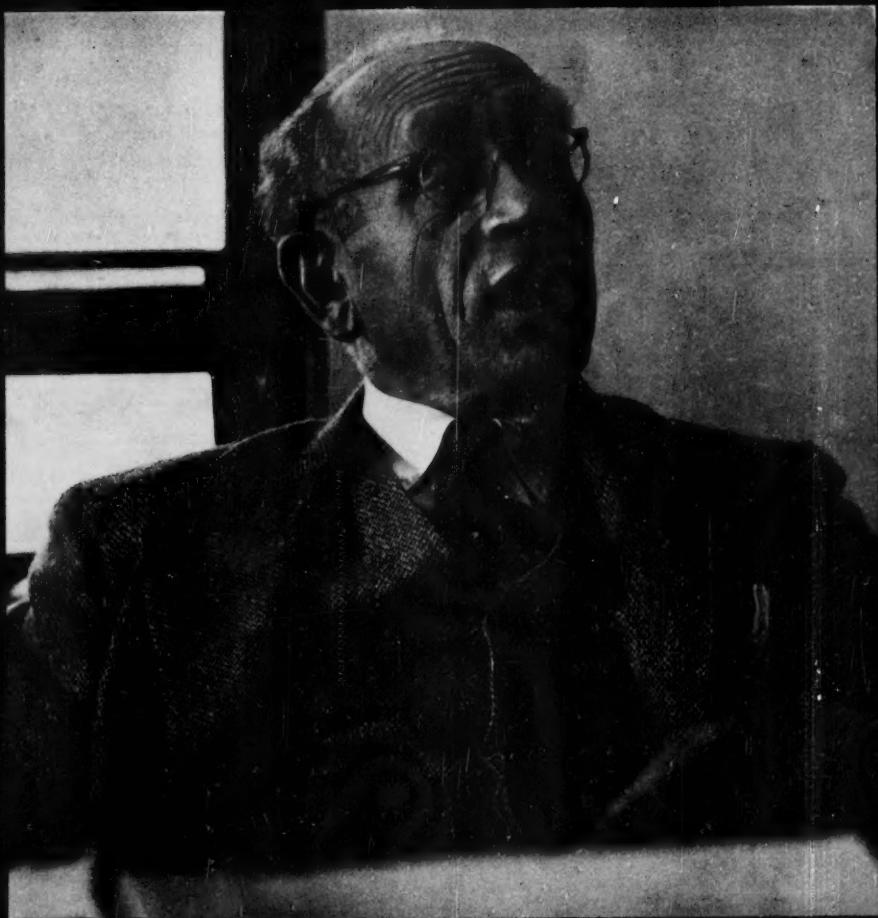


BUSINESS WEEK

APR. 23, 1949



Philip Sporn (page 6): Says utilities are meeting power demand. A new department: **EXECUTIVE OPINION** (page 26)

BUSINESS
WEEK
INDEX

A MCGRAW-HILL PUBLICATION

The cake eaters are talking again

"You can eat your cake and have it, too—you can have government controls but keep your liberty; you can restrict the corporations but keep individual opportunity for yourself and your children." That's what they keep saying—and unfortunately some people listen.

More than anything else, what made this country great was . . .

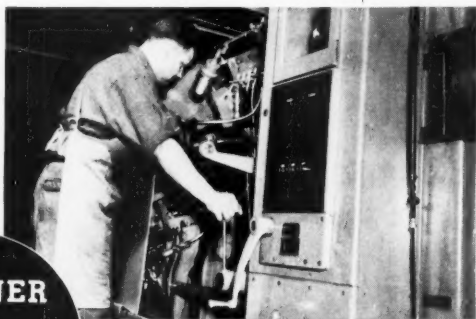
- ... the chance for a man to go into business with hope of profit
- ... the fear of loss, which drives him to work like ten men
- ... the right to keep his profits in his business, to make it grow.

Without those three factors we would never have had in America today the great companies with their millions of high-wage jobs, nor the

luxuries every American family enjoys—luxuries made possible at low price by accumulated profits invested year after year in better and better machinery.

Restrict profit and you restrict money available for machinery. Restrict machinery and you raise the price of everything you buy and you also reduce wages, because it is machinery that makes workmen worth more.

No, you can *not* eat your cake and have it, too. Yet people keep on trying; and everyone suffers in the experiment.



YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, AUTOMATICS AND TAPPING MACHINES



It doubles the life of a car's brakes

A typical example of B. F. Goodrich product improvement

IN HIS right hand is the brake shoe of one of the new cars. In his left is the brake lining you've been using—it has been giving you only half the life you paid for.

Brake lining has had to be attached to the metal brake shoe by rivets, countersunk into the lining. When it wore half way down, the rivets became exposed and began to score and ruin brake drums. That's when you had to get a relining job—and throw half the lining away, unused.

B. F. Goodrich, who has developed scores of rubber parts and improvements for cars, went to work on brake

lining. Rivets give an attachment able to stand a 5,000-pound pull. B. F. Goodrich finally developed a synthetic adhesive able to stand 10,000 pounds—twice the safety of rivets.

With no metal in linings attached with this B. F. Goodrich adhesive, you will be able to use your brakes with perfect safety until the entire lining is used up—double the old life. Also, no danger of scoring drums. And the new method increases safety—it has better shock resistance, especially important in cold weather.

Some people might say this latest B. F. Goodrich improvement is "im-

proving ourselves out of business." But that's the way this American competitive system works—better and better products reduce cost to the user; the lower the cost, the more people there are who can buy. This is the principle of B. F. Goodrich research, recently emphasized by the opening of the largest research laboratory in the rubber industry—B. F. Goodrich Research Center. The B. F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.

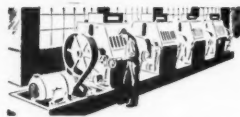
B. F. Goodrich
RUBBER FOR INDUSTRY

“GIDDAP!” And brother, did horsepower go!



102 Years'
A-C Experience
Guides Buyers of
Basic
Machinery

POWER—In the past 40 years, Allis-Chalmers has built 150 hydraulic turbines for Wisconsin power plants alone—and for a famous Wisconsin steam plant is now building the 4th and 5th 80,000 KW steam turbines.



FOOD—World's newest, most modern flour mill is equipped exclusively with Allis-Chalmers roller mills and purifiers—eight batteries of rolls and eight purifiers of latest design.

MINING—25 years' service crushing Arizona's hardest copper ore influenced purchase of 2nd 54" A-C gyratory crusher—typifies rugged quality of A-C crushing and mining equipment.



PRODUCTION MEN in every basic industry choose A-C equipment for sound engineering, modern design, peak capacity, long-lasting service!

WHEN electric horsepower came, it drove old Dobbin clean out of the picture . . . ushered in a new age of Good Living—

Today's streets have the new look—

Buildings are 10—20—30 or more stories high.

Transportation is streamlined—on the surface, underground or in the air.

Billions of electric lights click on and off.

Millions of machines turn out canned goods, cars, textiles, radios—better and better each year.

There's no stopping Science and Industry now . . . no limit to the good things to come!

Perhaps no company in the world is more versatile than Allis-Chalmers in applying electric horsepower to the needs of industry. This company's machine-building experience reaches into almost every phase of power generation, transmission, control and usage . . . and into every branch of industry.

ALLIS-CHALMERS MANUFACTURING COMPANY
901 South 70th Street, Milwaukee 1, Wisconsin



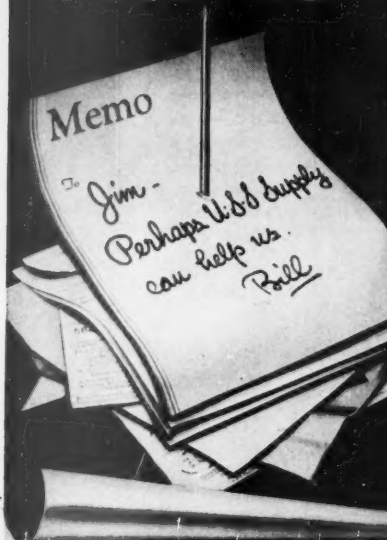
ALLIS-CHALMERS



One of the Big 3 in Electric Power Equipment—
Biggest of All in Range of Industrial Products

TRY US FIRST

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need
alloy steels



THEN you can rely on getting alloy steels manufactured to a **Guaranteed Minimum Hardenability**; on the prompt filling of your orders; and on additional metallurgical service in the form of a Heat Treatment Guide with each shipment. In this guide, users of U-S-S Carilloy Steels are given *specific* data on the composition, potential physical properties and recommended heat treatment temperatures to help them obtain the maximum performance from the steel we furnish on their orders.

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BUSINESS WEEK

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BUSINESS WEEK • Apr. 23, 1949

skylines... by Otis



Los Angeles is the largest city on earth in area. It covers 452.2 square miles... owns the country's biggest water and power systems... is the home of Hollywood... and a city of big, diversified industry, as well. Prediction has it that the present 1,900,000 population of Los Angeles, which ranks fourth in size in the U. S., will double itself within fifteen years. You can well imagine the effect of such growth on Los Angeles' skyline — where 3,382 of the elevator installations are by Otis.

UPSIDE-DOWN HOLE.

Chimney Rock, North Carolina's famed scenic spot in the Blue Ridge Mountains, was a 315-foot climb from the parking level — until someone thought of installing an Otis elevator. But how? By digging a tunnel 196 feet into the base of the mountain. Then, blasting a hoistway out of solid rock up to the top.



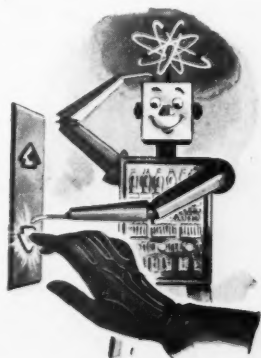
MAKES ALL FLOORS POPULAR.

Shopping can be fun. Especially where continuously moving Escalators act as an attractive invitation to visit every department in a store without effort, waiting or crowding. That's why 48 stores installed 206 Escalators last year.



ONE TOUCH OF VENUS.

A mere *touch* of a finger and an electronic circuit will stop a new Otis ELECTRONIC Signal Control Elevator. Bulletin B-725-1 explains how each car can now make more trips and carry more passengers. Traffic handling is speeded. Service is improved. Operating costs go down.



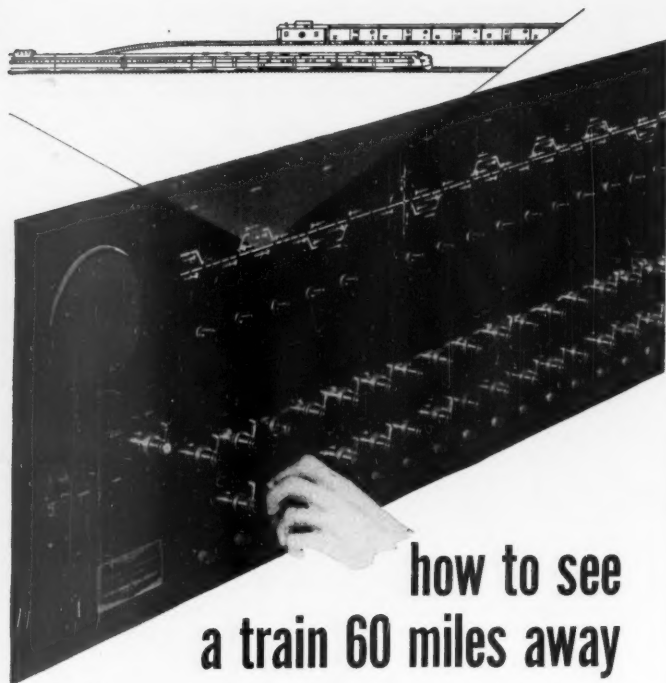
Otis ELECTRONIC Signal Control—which is another Otis first—is available for new buildings and for modernizing existing buildings.

"Escalator" is a registered trade mark of the Otis Elevator Company. Only Otis makes Escalators.



ELEVATOR COMPANY

Home Office: 260 11th Ave., New York 1, N. Y.



how to see a train 60 miles away

Centralized Traffic Control is an important railroad development pioneered by MISSOURI PACIFIC which enables one operator to "see" and control trains many miles away. Lights on a central panel indicate the position and progress of every train in the controlled area. The CTC operator can set signals for any train to stop, start, slow down, or side track. In effect, CTC provides double-track performance without excessive additional investment.

The MISSOURI PACIFIC, first railroad west of the Mississippi River, has helped write many important new chapters in railroading. "Firsts," like CTC, are part of the MISSOURI PACIFIC tradition—planned to move you, and the things you need, even more efficiently and dependably.

Serving the West-Southwest EMPIRE



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THE COVER

In the more glamorous fields of engineering, young men are sometimes warned: The utility industry is a place where you grow old waiting for a chance at a responsible job. Utility recruiters combatting that impression are likely to point to the career of Philip Sporn, president of the \$700-million American Gas & Electric system.

• **Advance**—Sporn got his electrical engineering degree from Columbia University in 1917. Only 10 years later he was chief electrical engineer of A.G. & E. and of all its operating subsidiaries. Six years more, and he was chief engineer of the system.

Two years ago, when George Tidd moved up to chairman of the board, Sporn was made president of A.G. & E., and of A.G. & E.'s operating companies.

• **Interview**—Last week Philip Sporn sat down with a BUSINESS WEEK editor and an electronic recorder to talk informally about some of the prospects and problems of the utility industry. In so doing he helped inaugurate a new service to BUSINESS WEEK readers.

The interview has always been the basis of BUSINESS WEEK's news coverage. The typical story involves talking to many different men in a position to know the facts. The final story is the result of weighing the views of many different people against each other and against the expert knowledge of special-interest editors. It represents our own informed judgment as to what happened and what it means.

• **Personal**—We think that's a good way to cover the news. But we are conscious also that our readers need a chance to get their own impression of the views and personalities of newsworthy men—businessmen, government people, labor leaders, professional men.

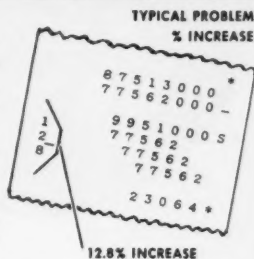
So this week, and every few weeks hereafter, BW presents the transcript of a conversation with some such man. The conversations are edited only to eliminate the dull or trivial. The first, with Philip Sporn, starts on page 26.

LOOK for these 3 money savers when you buy your next calculator



1 printed tape

Figuring invoices, payrolls, discounts, unit costs — whatever the problem, you save calculating time with the printed tape. There's no re-running to check for accuracy . . . no copying from hard-to-read dials — your proof and a permanent record are printed on the tape!



2 machines in 1

Automatic division and multiplication, adding, listing and subtracting — all with automatic printed proof. Your single modest investment gives you two machines for the price of one — a calculator that prints and a high speed electric adding machine.



3 10-key speed

Faster, touch control operation is natural for anyone on the 10-key "hand-span" keyboard. Eyes concentrate on the work sheet as fingers fly over the logically placed numeral and feature keys. Yes, it's the most modern, time-saving, money-saving method of calculating!



ONLY the Remington Rand Printing Calculator gives you automatic printed proof, two machines in one and the extra speed of 10-key touch control operation.



• Before you buy . . . be sure to try the automatic Printing Calculator on your own figure problems. Just call your nearby Remington Rand representative, or write to Remington Rand Inc., Dept. BW-4, 315 Fourth Avenue, New York 10.

the new **Remington Rand** automatic Printing Calculator

Cost of Industrial Eye Accidents

UP *78½%

*SINCE 1939

**BUT IT'S AN EXPENSE
YOU CAN CUT 98%
IN THESE DAYS OF
STILL INFLATED COSTS!**

At a \$15 average, even a *minor* eye accident costs too much in lost time, idle machine time and medical care—even in periods of normal costs.

Today, like everything else, eye injury costs are UP—but *unlike* everything else, **THEY CAN BE CUT, DRASTICALLY.**

98% of eye accidents are preventable when workers wear SAFETY GOGGLES, according to The Society for the Prevention of Blindness...and management has found the costs of the protection infinitesimal as compared to the costs of injuries saved. Your nearest AO Safety Representative can show you many case histories in *your* industry alone which prove conclusively that adequate protection pays off. Ask him to call.



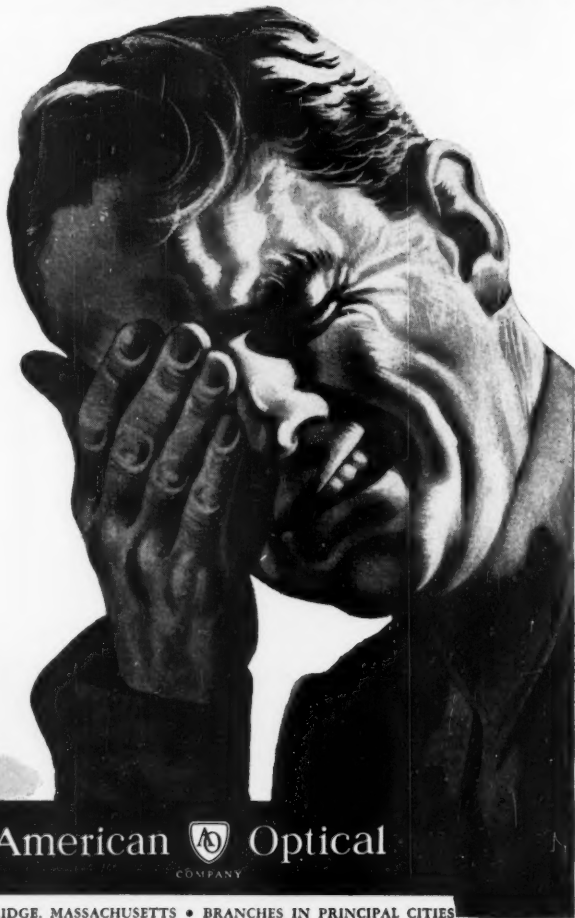
Safety Products Division of

American Optical



COMPANY

SOUTHBRIDGE, MASSACHUSETTS • BRANCHES IN PRINCIPAL CITIES



BUSINESS OUTLOOK

BUSINESS WEEK

APRIL 23, 1949



Steel production is your No. 1 business indicator from now on.

The squeeze is over. That crash in scrap-market prices was no false alarm (BW-Mar.12'49,p9). Steel supply no longer will place a ceiling on other industries—except, perhaps, for a very few products.

This, in fact, is the day toward which steel has been laboring so furiously. It is steel's answer to the argument over capacity.

Steel men know what the score is, face it squarely. Production men have passed the ball to the sales department.

Says H. G. Batcheller of Allegheny Ludlum: "The period of the steel shortage has passed. Our mill, and every mill I know of, now is able to supply its customers."

And Acme Steel (which buys semifinished steel and completes the finishing processes) has its suppliers' promise of all the steel it needs.

"This means," says Acme's president, C. J. Sharp, "we are 100% back in competition. In fact, we are now again soliciting orders."

Much of the steel produced recently has gone into inventory. Customers, long plagued by scarcities, have bought to balance up stocks.

This conceals the true relation between supply and consuming needs.

Two leading investment advisory services have just surveyed the situation. One feels that output is from 4% to 9% in excess of actual current use; the other places production 10% to 15% ahead of needs.

That helps explain why the mills have been able to let output sag a shade under the record-breaking, above-capacity rate of the first quarter.

Pig iron is the softest spot in iron and steel markets up to now.

Hanna Furnace Corp., Buffalo, cut prices on three types of pig this week. The basic or steelmaking grade was sliced to \$46, down a dollar a ton; other reductions were 50¢ a ton on No. 2 and malleable.

Meanwhile, Pittsburgh Steel closed the second blast furnace in 10 days.

Biggest trouble in merchant pig iron is that foundry demand is off. At the same time, in steelmaking more scrap and less pig will be going into open hearths—because of the sharp drop in the cost of scrap.

Less steel currently is going into certain types of building supplies.

For example, both Crane Co. and American Radiator & Standard Sanitary this week told of reductions in activity.

American Radiator is closing its Pittsburgh and Baltimore plants. Both turn out enameled cast-iron ware. The company also is cutting the work force in Louisville (brass fittings and enameled cast-iron ware).

Crane has been running one plant on a limited schedule since January, due to the slackened rate of building. And April sales have not picked up as expected, according to J. L. Holloway, Crane's president.

Employment and payrolls again are feeling the effects of layoffs and reductions in work-weeks. Here are some samples: Ansco cuts employment 20% at its Binghamton (N. Y.) camera plant. Allegheny Ludlum Steel lays off 700 (10% to 11%) at Breckenridge, Pa. Chase Brass and Corbin Screw cut work-weeks at their Connecticut plants.

New layoffs pose several questions: Is this another outbreak, such as sent unemployment up last winter? Are rehiring, which don't make head-

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
APRIL 23, 1949

lines, balancing the layoffs? Will layoffs snag the spring rise in employment?

You won't be able to find the answers immediately.

Washington continues optimistic—at least, officially. But this remains clear: Industry isn't providing the new jobs to absorb the year-to-year increase of a million persons in the labor force.

We won't have the full employment this summer that we had last.

■
Spreading price cuts have a hand in increasing unemployment.

With competition returning, costs have to be cut some place. First there was the elimination of overtime pay. Now it comes in lower prices paid for raw materials and weeding out of nonessential workers.

■
Price cuts this week were reported all the way from cotton goods to unsold new homes and diesel-electric locomotives.

It's notable, though, that price declines in the last two months have been confined mainly to industrial raw materials and manufactured goods.

Farm products and foodstuffs hit their lows early in February, then rallied. Up until the last few days, they had held pretty steady.

Meanwhile, industrial prices have had quite a break. Back in February, when farm and food prices hit bottom, the index of 16 industrial spot commodities stood close to 275; on Tuesday of this week, it was 233.

■
Lower prices on raw materials mean lower operating costs—but they also can mean at least temporary inventory losses.

That's why lower prices on metals, for example, are attracting few bidders. Customers want to work off high-priced inventory first; then they will think about restocking with lower-cost metals.

■
Evidence increases that plastics prices are weakening.

Sharp cuts in polystyrene (1¢ to 14¢ a lb., with heat-resistant selling right along with standard colors at 31½¢) will speed this downward trend.

Polystyrene is one of the lighter plastics; like aluminum among the metals, a pound of it goes a long way. The lower prices are counted on by producers to strengthen still further its competitive position.

■
Post-Lenten meat buying didn't do the sagging hog market much good.

The spring slaughter run of hogs is on. That means more pork for the next several weeks. But consumer demand still is lagging.

The upshot was a top price for hogs in Chicago this week under \$19 a cwt. That's only about \$2 above the government support price.

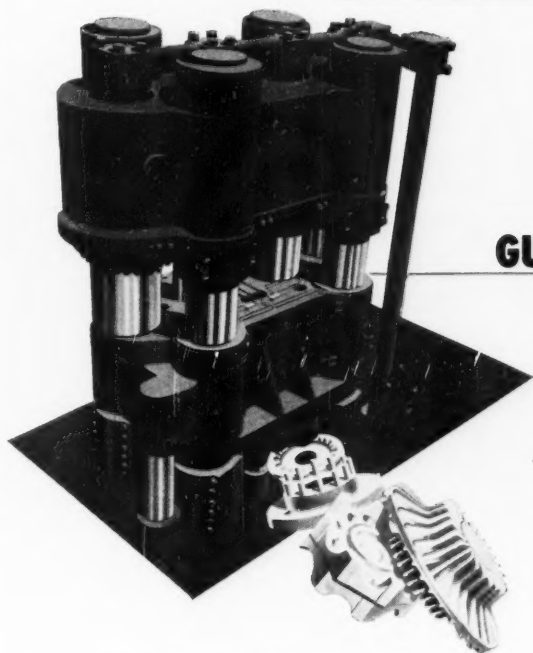
■
You'll be hearing for a long time about this "Talgo train" that American Car Foundry has built.

A. C. F. turned out the original for Spanish interests. But it also has built a sample coach train to show in this country. Low cost and flexibility in operation will be the selling points.

Each coach has but one truck. The coaches follow one another like truck trailers. The locomotive operates with regular motor-truck diesels.

Capacity—for freight or passengers—is small. Railroads will argue that their job is to operate big trains for long distances—the opposite of the smaller loads and short, fast trips for which the Talgo is built.

One of the many ways that
industry makes multiple savings
with Gulf Quality Oils and Greases:



GULF QUALITY LUBRICANTS

prevent rust, save wear

*in **WORLD'S LARGEST**
4-COLUMN FORGING PRESS*

Built to produce exceptionally large forgings of high strength light metal alloys for aircraft, this 18,000-ton die forging press is playing an important part in the expansion and development programs of the U.S. Air Force.

While this huge press was still in the blueprint stage, its lubrication was carefully planned. Gulf Lubrication Engineers were called in to consult with designers and plant operating men. The lubricants selected must have special properties.

To protect the 19,000 gal. hydraulic system from rust, a quality corrosion inhibited Gulf oil was selected. To keep the crosshead moving freely, a Gulf quality heat and corrosion resistant grease was chosen. For long lasting protection of pump, motor, and compressor bearings, a high quality,

oxidation resistant Gulf lubricant was specified.

Gulf Quality Lubricants are helping the plant personnel keep this important equipment operating smoothly and continuously—delivering top performance at low cost.

Gulf makes available more than 400 Gulf quality oils and greases that contribute to multiple savings through improved lubrication. Make sure your plant is getting the advantage of all recent developments in petroleum science. Call in a Gulf Lubrication Engineer today.

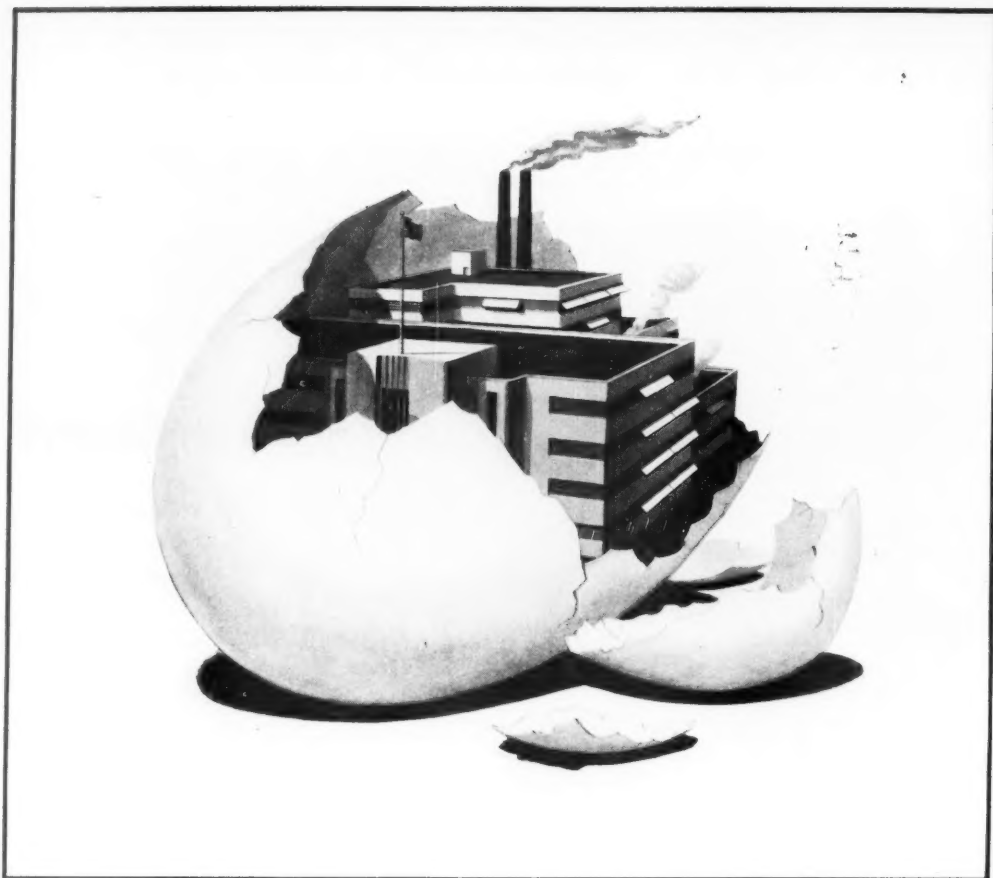
Gulf Oil Corporation • Gulf Refining Company

Division Sales Offices:

Boston • New York • Philadelphia • Pittsburgh • Atlanta
New Orleans • Houston • Louisville • Toledo



Helps make machines
produce more at lower cost



They're Hatching Fast Down Here

All over the South, new factories are "breaking through" to a future bright with unlimited opportunity . . . and with plenty of room to spread their industrial wings.

Big or small, old or new, industries grow strong and sturdy . . . with a minimum of

"scratching around" . . . in the bountiful land served by the 8,000-mile Southern Railway System. Because the fertile Southland has everything they need for industrial well-being.

"Look Ahead—Look South!"

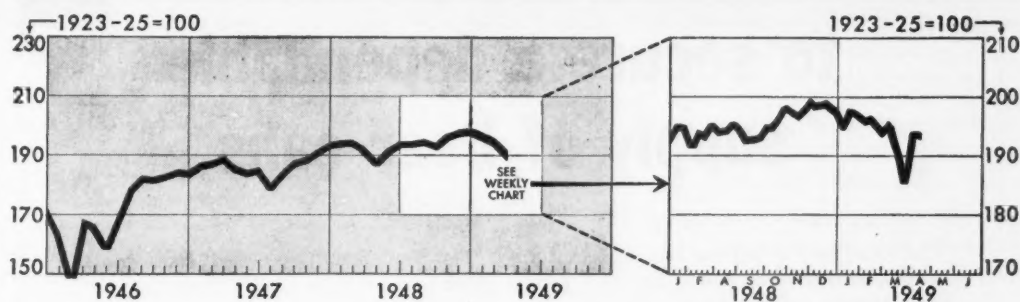
Ernest E. Harris
President



SOUTHERN RAILWAY SYSTEM

The Southern Serves the South

FIGURES OF THE WEEK



Business Week Index (above) *194.1 †194.6 191.4 186.0 162.2

PRODUCTION

Steel ingot operations (% of capacity).....	98.4	99.2	101.1	80.0	97.3
Production of automobiles and trucks.....	133,335	†131,970	120,741	104,761	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$23,997	\$27,064	\$25,473	\$24,746	\$19,433
Electric power output (million kilowatt-hours).....	5,343	5,360	5,496	5,087	3,130
Crude oil (daily average, 1,000 bbls.).....	4,912	4,916	5,145	5,391	3,842
Bituminous coal (daily average, 1,000 tons).....	1,877	†1,932	1,725	413	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	73	74	74	82	86
All other carloadings (daily average, 1,000 cars).....	53	47	44	32	52
Money in circulation (millions).....	\$27,507	\$27,514	\$27,500	\$27,774	\$9,613
Department store sales (change from same week of preceding year).....	+7%	+7%	-8%	+13%	+17%
Business failures (Dun & Bradstreet, number).....	184	230	210	101	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), February. 169.0	170.9	167.5	105.2
Spot commodity index (Moody's, Dec. 31, 1931=100).....	351.0	354.8	368.6	421.5	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	235.6	240.2	257.2	271.7	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	288.1	290.6	291.4	377.4	146.6
Finished steel composite (Steel, ton).....	\$94.91	\$94.91	\$97.32	\$81.14	\$56.73
Scrap steel composite (Iron Age, ton).....	\$22.75	\$23.58	\$34.92	\$40.33	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	21.200¢	22.950¢	23.500¢	21.500¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.27	\$2.27	\$2.23	\$2.49	\$0.99
Sugar (raw, delivered New York, lb.).....	5.65¢	15.60¢	5.59¢	5.36¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	33.20¢	32.88¢	32.63¢	37.87¢	13.94¢
Wool tops (New York, lb.).....	\$1.534	\$1.496	\$1.488	\$1.785	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	18.31¢	18.57¢	19.50¢	23.05¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	119.2	119.1	118.3	122.7	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.45%	3.47%	3.46%	3.47%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.70%	2.70%	2.70%	2.77%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	14%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-14%	14-14%	14-14%	14%	4-4%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	45,237	44,820	46,182	46,210	††27,777
Total loans and investments, reporting member banks.....	61,100	61,041	62,359	62,855	††32,309
Commercial and agricultural loans, reporting member banks.....	14,543	14,627	15,095	14,333	††6,963
Securities loans, reporting member banks.....	1,573	1,773	1,891	1,533	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	32,767	32,397	33,112	35,260	††15,999
Other securities held, reporting member banks.....	4,411	4,409	4,358	4,326	††4,303
Excess reserves, all member banks.....	780	720	1,030	894	5,290
Total federal reserve credit outstanding.....	22,056	22,143	22,348	21,130	2,265

*Preliminary, week ended April 16th.

†Revised.

††Estimate (BW—Jul. 12 '47, p. 16)

‡Date for "Latest Week" on each series on request.

What a BREWER can do today to secure a dependable supply of beer cans

(Reading time 45 seconds)

There's no need to tell you how important a steady, uninterrupted flow of beer cans is to your business. But did you know there is something you can do today—this minute—to help insure your getting the cans you need, when and where you want them?

The thing to do is check with Continental. See what we can do for you.

Continental is big enough* to have the flexibility it takes to meet difficult situations. We have plants all over the country and we are building more. Our products—Continental

"Flat Top" and "Cap Sealed" cans—match your beer and ale in quality. Most important, every Continental man is eager to help you, to give you the kind of service you want. He will do everything in his power to keep your supply of cans rolling.

*You can't beat Continental as
a dependable source of supply!*



BEER BELONGS IN CANS!
You can't beat light-proof cans for protecting beer and ale flavor. Cans are lighter . . . easier to carry home . . . and there are no deposits, no returns. At home they take up less room in your refrigerator, chill faster, and you don't have to worry about breakage. Get your favorite beer in cans!

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WASHINGTON OUTLOOK



ROUND ONE in the struggle to write a new labor law comes in the House next week. What has gone before—the committee hearings, the committee actions—can be disregarded.

The legislation to replace Taft-Hartley is going to be pieced together by votes on the floor—first in the House, then in the Senate, finally in closed-door session by a Senate-House conference group.

It will be June, maybe July, before the job is done.

But you will have a new law. Nobody—not Sen. Taft, nor Dixiecrat Wood—is even trying to stand pat on Taft-Hartley.

Taft has changed his mind on several points after two years of his law. And he isn't objecting to language in the new law explicitly repealing the Taft-Hartley label.

On the House side, the Republican-Dixiecrat coalition has a T-H repealer, too, in the new Wood bill. Note there is a new Wood bill, H. R. 4290; it's milder than Rep. Wood's first version, H. R. 3228. That had been dubbed "Taft-Hartley with teeth."

In other words, Taft-Hartley repeal, as such, is no longer an issue.

Even more significant: Both sides are giving ground—and on some of the touchiest issues.

Instance: The labor lobbyists are going around assuring individual congressmen that a vote, say, for national-emergency injunctions or non-Communist affidavits won't bring labor retaliation next election.

Instance: The new, trimmed-down Wood bill was born in a House G. O. P. caucus after a nose-count showed that, even with Dixiecrat votes, the original version hadn't a chance.

The new Wood bill, for example, drops the idea of holding unions responsible for wages lost by employees because of unfair-labor-practice strikes. It cuts out the proposal to extend the non-Communist affidavit to all contract negotiators, in addition to officers of company and union. Also, the new bill liberalizes the T-H closed-shop ban to permit preferential hiring halls.

So you can see why what's gone before can now largely be disregarded.

The peremptory action by the labor committees in voting out the Thomas-Lesinski bill without

taking up amendments came at a time when labor thought it could have its own way.

The reaction, you will recall, brought on: (1) the original Wood bill, and (2) the boasts that the G. O. P.-Dixiecrat coalition would kill a Taft-Hartley repealer, vote some tighter curbs on labor.

The coalition will make its first show of strength in the House next week in an attempt to substitute the sanded-down Wood bill for the Thomas-Lesinski bill.

That move will come about Thursday. The Wood substitute will lose.

Speaker Sam Rayburn is making this vote a matter of party loyalty. You can expect up to 35 southern Democrats to stand by Rayburn. And as many as 30 to 35 Republicans will bolt the coalition. With northern Democrats, that's enough to beat the Wood bill with votes to spare.

After that vote, the individual items covered by the Wood bill will be offered as amendments, one by one. Some of them will pass muster, and will be tacked onto the Thomas-Lesinski bill; Rayburn won't even try to stop them all.

Then, in June, it will be the same thing again in the Senate. There, another set of amendments will be tacked on. The conference committee will have to iron out the differences.

What will the new labor law provide, finally?

Even though oceans of talk, and the voting, still lie ahead, you already can see how some of the key issues are going to turn out.

The closed shop will be legal again—with restrictions on "closed unions." (The aim is to open membership to all comers.) There are likely to be limits on union rights to oust members for reasons other than failure to pay dues.

Union-shop elections will be abolished.

Non-Communist affidavits will be required of company officers as well as union officers.

Workers who strike for better pay or working conditions will again be eligible to vote in NLRB bargaining-agent balloting.

Presidential authority to delay national-emergency strikes will be continued. Still a question: Should the President get the power to seize plants, too?

Prohibitions on jurisdictional strikes and some secondary boycotts are certain. But there won't be mandatory injunction prior to NLRB findings.

Administratively, NLRB Chief Counsel Den-

WASHINGTON OUTLOOK (Continued)

ham's independent office will be abolished; the counsel will work for the labor board. Cy Ching's Mediation Service will remain independent.

It's getting more likely that foremen will continue to be denied labor-board assistance in organizing. It's getting less likely that professional workers will keep their separate status. But craft workers will keep their separate status, even in big industrial plants. And plant guards will be free to join unions.

Finally, unions will be permitted to spend their money in political campaigns—even if they may not make direct contributions to candidates.

•
Truman will sign the bill Congress sends him.

It's more labor regulation than he wants. But it's not the kind of law the unions won't live with. And it won't be called Taft-Hartley.

•
EXPORT CONTROLS are being used more and more as a weapon in the cold war—less and less as a tool for keeping scarce goods at home.

Example: Carbon black and silicone greases, both in ample supply, have just been put under licensing. The government simply wants a check on where these strategic materials are going.

Without carbon black, you can't turn out tires for big trucks—or for artillery. Silicone greases are tops for lubricating in extreme temperatures.

On the other hand, the Commerce Dept. is now making up a new list of nonstrategic items that were once scarce at home, to add to the free list—exportable even to Russia. It will be ready within a month.

•
GEN. CLAY'S SUCCESSOR as U. S. boss in Germany will be John J. McCloy, World Bank president. He will take over when the West German government is set up under the watchful eye of an Allied civilian commission.

•
PAY BOOSTS for the government's top-layer bureaucrats are all snarled up.

Here's why: Congressmen are reluctant to let officeholders who don't have to finance election campaigns make more money than those who do.

The story from the beginning:

Congress, to rush through Truman's pay boost before his new term began, shucked off increases for Cabinet members, agency heads, bureau chiefs. The promise was to take care of them later; the idea was to boost the Cabinet members from \$15,-

000 to \$25,000, others from \$10,000 to \$15,000-\$17,000.

But now House spending boss Cannon is reneging on the deal. He has put through the House legislation setting a \$12,000 ceiling on commissioners in Federal Trade, Federal Power, Securities & Exchange, some others. (Congressmen get \$12,500 in salary, a \$2,500 tax-free expense account.)

•
THE ARMY SECRETARY'S JOB has been offered to Curtis Calder, board chairman of Electric Bond & Share, a WPB big-wig in 1943. Truman needs only a yes from someone to announce Secretary Royall's resignation (BW-Apr. 16 '49, p16).

•
FEDERAL SPENDING VS. RECEIPTS—the Senate today has a chance to square the two with a sure-footedness never before possible.

The House has completed action on every part of Truman's budget for fiscal 1950, except the foreign-aid appropriation bill. It has cut Truman's figures by around \$1¼-billion.

In the Senate, not even preliminary committee action has been taken on any part of the budget; normally, the Senate would have acted on several items while the House was working on others.

Additionally, the Senate will have this year—before it acts—data showing the effects of the 1948 revision on revenue. On this it can base its own estimate of fiscal '50 receipts.

Thus, the Senate is in the unique position of being able to handle the spending issue as a whole, rather than in bits and pieces. It can, for example, fix a spending ceiling before earmarking money for public works, agriculture, military, and the rest—then make the components fit.

If the Senate does take this sort of over-all action, it can cut spending to match income. If it doesn't, there will have to be higher taxes (or a deficit) to match expenses.

Best bet today is that the Senate will take up the money bills one by one, as usual. That means the decision on total spending is dictated by what the figures add up to. It's a sure bet that the individual appropriations, if passed separately, will add up to more than income from present taxes.

•
SHOW-HOW—(Shō-hou), *n.* A colloquialism adapted by State Dept. officials from "know-how"; used to describe Truman's Point Four; as, the plan is to export American show-how.

You will be meeting up with this new word often from now on in talk about Truman's plan to develop underindustrialized areas of the world.

WHERE Full Carloads Turn Turtle AT A Finger-Touch

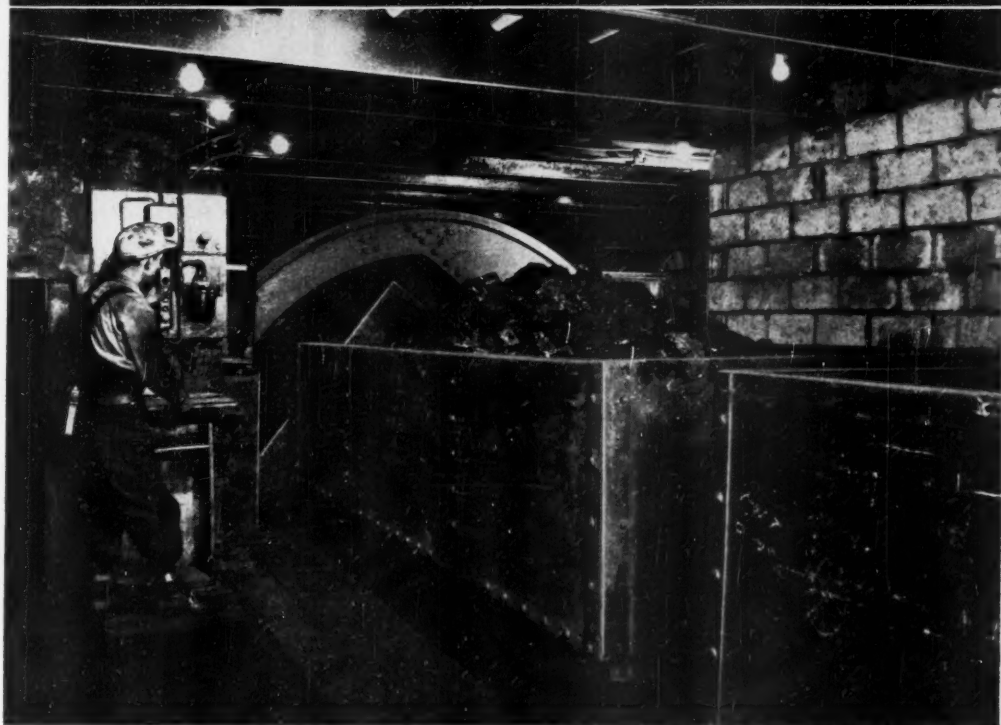


Photo taken in West Virginia coal fields by William Vandivert

This is the "ground floor" of a modern coal mine—the point from which coal, dug from seams deep in the earth, starts upward on its way to work for you. Here, as each car moves into the rotary dump shown, a touch of a button rolls it over, emptying the coal into an elevator-like hopper that speeds it to preparation plants above.


Such equipment as this, along with machines that cut, load, and convey coal, illustrate the tremendous investment progressive operators are making to provide all America with quality coal.

To provide this flood of coal consistently and safely, the industry is continuing its vast mechanization program. With an eye to coal's enlarging scope as a source of modern industrial energy, operators are currently investing more than a billion dollars for improvements and new facilities.

Living and working conditions of miners keep step with the industry's rapid development of faster, more efficient mining methods.

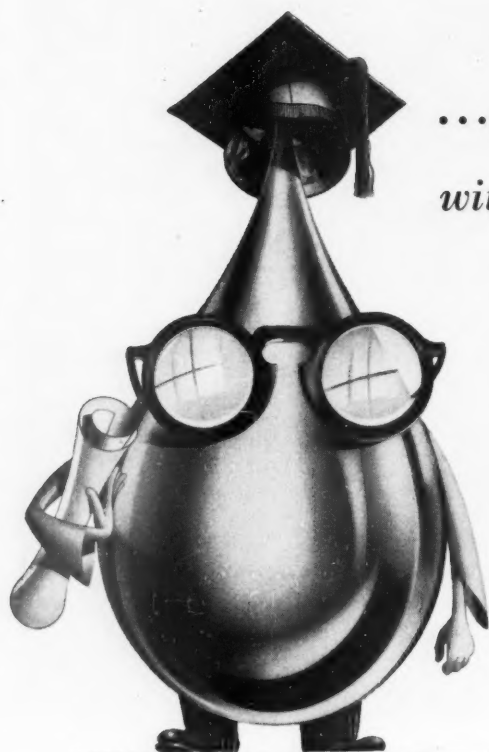
Today almost two-thirds—over 260,000—of the nation's bituminous coal miners either own their own homes, or rent from private landlords. The remaining one-third live in company-owned houses at rentals below those ordinarily available to workers in other industries.

Underground, too, progress in coal mining techniques is constantly producing safer working conditions. Powerful ventilating systems and electric lighting in car switching areas are among the many factors now making America's mines safer than ever before.

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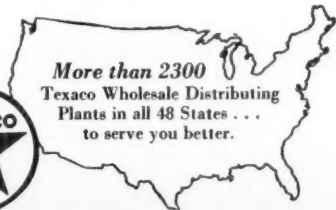
*More locomotives and railroad cars
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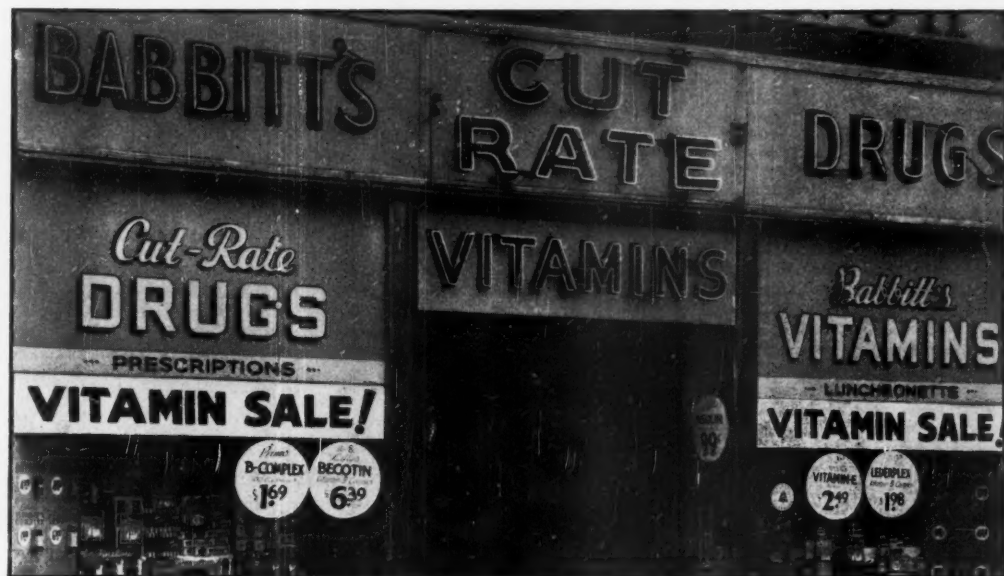
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CUTRATE MERCHANDISERS, such as this one in Washington, D. C. (with no fair-trade law), may stage a comeback as result of . . .

Cracks Developing in Fair-Trade Front

Florida ruling against state's fair-trade law is one of several setbacks for price-maintenance statutes.

Proponents of fair-trade laws stuck their fingers in the dike this week—up to the armpit.

• **Setback**—They had good reason. The Florida Supreme Court's recent decision invalidating that state's resale-price maintenance law (BW—Apr 16 '49, p. 28) is raising a flood of doubts about the future of fair trade laws in the U. S.

These are the laws that permit a manufacturer to specify a minimum price below which his products cannot be sold; in some cases, he even sets the exact price at which his goods must be sold. He does it by making a price contract with one merchant in the state. That price is then binding on all merchants in the state, whether or not they have signed a fair-trade contract.

• **Other Troubles**—Florida's action isn't the only crack in the fair-trade wall.

Here are some others:

IN MISSISSIPPI: A lower court refused an injunction against a retailer who was selling Sheaffer pens below the fair-trade price.

IN CALIFORNIA: A bill was introduced into the state legislature to pull the teeth from its price-maintenance statute.

IN CONGRESS: Rep. Donald O'Toole (D., N. Y.) introduced a bill to repeal the federal government's Miller-Tydings act (which O.K.'s fair-trade contracts in interstate commerce); anti-fair-trader Emanuel Celler (D., N. Y.) proposed an investigation of fair-trade laws by the House Judiciary Committee. Purpose: to determine whether the laws are really producing what Celler calls the "keen, hard competition" that Congress intended.

The net result of these actions is to raise a big question: Are the fair-trade laws, which have been nesting comfortably in the statute books of 45 states, about to be tossed out?

• **Attack on All**—The Florida Supreme Court action is the stiffest blow that fair trade has suffered since its inception (in California in 1931). And though the present case is an isolated one state

affair, the rest of the country has a stake in it.

That's because state fair-trade laws are, with a few exceptions, carbon copies of one another. Therefore, any basic attack on one attacks them all.

• **The Florida Case**—Contestants in the Florida case were Continental Distilling Corp. (a subsidiary of Publicker Industries, Inc.) and Webb's City, Inc., the fabulous St. Petersburg price-cutting, super drug-department store. The point in question: Could Continental force Webb's City to observe the minimum resale prices set by Continental for its products?

The six-to-one decision against Continental and the price-fixing statute used some rough language. It declared that the law was against the public interest and welfare, created monopoly, stifled competition, and was an excessive use of the police power of the state for a private purpose.

• **Next Step**—Continental officials are giving the Florida court's decision a close going over—to see if it contains some basis for appeal to the U. S. Supreme Court. But they have a hunch that the case and the decision hinge

wholly on whether the state fair-trade law conflicted with the state constitution. To get it to the U.S. Supreme Court, they would have to show that interstate commerce is involved.

Should the case get to the federal court, it won't be the first time a fair-trade law has been questioned by the highest U.S. tribunal. Back in 1936, the U.S. Supreme Court upheld both the Illinois and California resale-price maintenance laws.

What the anti-fair-traders are really driving for is a court test of the Miller-Tydings act. They're hoping that the Florida decision is appealed, that the interstate angles will thus be brought into the case. For they think that the present U.S. Supreme Court is likely to rule their way—and that Miller-Tydings might fall with the Florida law.

• **Reactions**—Most of the comment following the Florida court's decision has come from the vociferous fair-trade boosters. John W. Anderson, president of the American Fair Trade Council, said manufacturers of fair-traded products were "shocked by this first yielding of any court to the pressures of retail monopolists."

On the other side of the fence, J. E. Webb, who operates Webb's City, called it "the people's victory."

As a result of the decision, Florida's State Sen. Walter G. Walker introduced a new "loss-leader" bill into the state legislature. Similar to laws in other states, the bill would bar merchants from offering or advertising goods below cost.

• **Pros and Cons**—The wranglings over the fair-trade issue bring to a head the twin—but opposing—pressures that are exerted on a manufacturer who sells through dealers who are not his own.

On the one hand is the mass merchandiser—a chain or an aggressive independent—who wants to strengthen his competitive position by offering the consumer lower prices that reflect his operating economies; he figures that he'll compensate for the shorter margins through increased volume. Hence, he's against anything that sets his selling prices higher than he wants them.

On the other hand is the independent retailer who wants a guaranteed margin on the branded merchandise he sells. He wants protection from the low-price, big-volume selling tactics of the mass merchandiser. Fair trade gives him just that protection.

Both these pressures are stronger now that the postwar sell-anything-at-any-price days have faded. And it's up to the manufacturer to decide which side he wants to play ball with.

• **How Vital?**—Some businessmen discount the importance of the fair-trade struggle. They argue that the lure of loss-leader selling and razor-thin margins has lost much of its luster. The mass

merchandiser today, they say, isn't baiting his customer trap with price lures the way he used to. Although he knows that price is always a big factor, he's using his hard-learned merchandising skill to pull in customers by other means—better service, easier parking, sounder departmentalization, and display.

There's another reason why price maintenance isn't quite the bogey to mass merchandisers that it used to be: They have found that the longer margins on fair-traded merchandise enable them to shave the margins on other goods that aren't covered by fair-trade rules.

New Group Buys Control Of National Enameling

Control of National Enameling & Stamping Co., big Milwaukee housewares manufacturer, changed hands last week. What interested businessmen in the deal were these facts:

(1) Two members of the new controlling group are active in another housewares manufacturer, Ekco Products Co., Chicago. They are Arthur Keating, chairman and president of Ekco, and John W. Cavanaugh, an Ekco director.

(2) National Enameling's new board elected Willard H. Sahloff to be president and chief executive officer. He got the post only 24 hours after resigning as vice-president and merchandising manager of Montgomery Ward & Co. because "I just could not do my job in the midst of that turmoil." Sahloff was the last of four Ward vice-presidents who resigned last week (BW—Apr. 16 '49, p. 28).

• **Relationship?**—The new group in the saddle at Nesco was quick to deny rumors that the firm "is to be merged with any other company." But to many, the connection of Keating and Cavanaugh with both Ekco and Nesco hinted at some working relationship between the two concerns.

Housewares turned out by the two concerns complement rather than compete with each other. Nesco makes enamel kitchen utensils, a popular electric roaster; Ekco produces aluminum and copper-bottom utensils, cutlery, kitchen tools, pressure cookers.

Of the two companies, Ekco is by far the larger. Its 1948 sales hit \$30.8-million; its net was nearly \$2.6-million. Nesco had 1948 sales of \$18.8-million, a net of \$1.2-million.

• **Personnel**—All five members of Nesco's new controlling group were elected directors at the annual meeting.

To make room for Sahloff as president, directors moved his predecessor, Alfred J. Kieckhefer, up to chairman of the board.

Nonskeds' Doom?

CAB ruling threatens to put major independent airlines out of business. Cutrate passenger carriers are the main targets.

The Civil Aeronautics Board this week aimed a knockout blow at the 100-odd big air carriers that don't fly on regular schedules. The board didn't quite order the carriers to quit forthwith. But one representative of the \$45-million-a-year industry said CAB's new regulations will put the big independent airlines out of business.

• **Rule Change**—CAB rules require every airline that operates on a regular schedule to have a certificate of convenience and necessity. Up to now, it has exempted the nonskeds from this provision. But as of May 20, this exemption is repealed. Within 30 days after that date (that is, by June 20), a large irregular carrier that wants to continue in business must file an application for an individual permit.

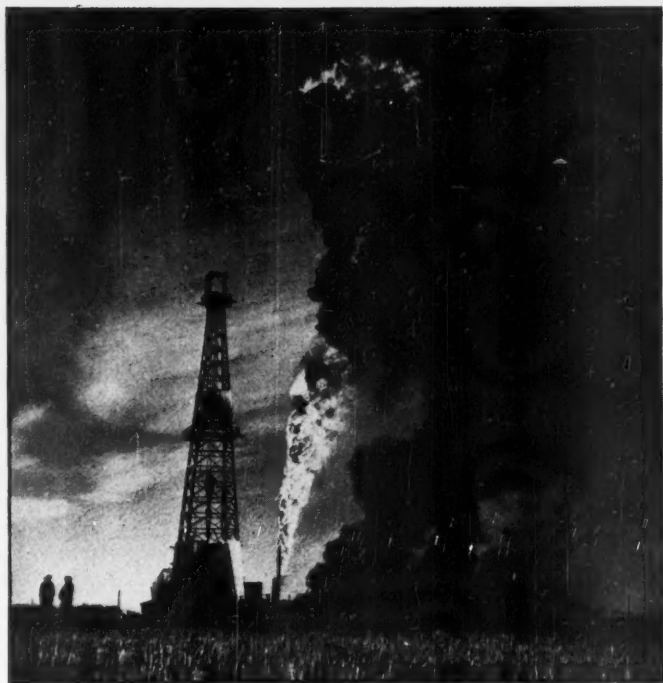
He can keep going as long as this application is pending. But CAB almost certainly will approve only a few. Its ruling says that operating authority will be granted only when "it is demonstrated that a need for . . . service exists."

• **Charge**—The nonskeds charge that CAB is consciously trying to shunt all flying business to the scheduled carriers—because the government gives them mail pay to keep them solvent, and the more business they get, the less mail pay they will need. And the scheduled carriers themselves insist that they should be protected against the nonskeds' competition.

Plenty of people in the industry agree that this is really CAB's intention. But if that's true, they say, the price-cutting passenger carriers are certainly the main targets; the freight specialists are only a secondary consideration. Reason: It's the lines that offer a New York-Los Angeles flight for \$99 that the scheduled carriers are really screaming about.

It seems likely that CAB will approve a few of the individual applications required under its new rule. Two lines that will probably get the official O.K.: Slick and Flying Tiger—all-freight lines.

• **Small Nonskeds**—Some 2,000 small irregular carriers are not affected by the new rule. (A small carrier is defined as one that has no single plane with a gross takeoff weight of more than 10,000 lb., and whose planes, altogether, have a gross takeoff weight of less than 25,000 lb.) Carriers that limit their flying entirely to contract jobs aren't affected either.



A Flare for Safety at Rich New Well

This fire is a safety measure, not a casualty, at the Imperial Schoepp No. 1 oil well near Golden Spike in Alberta, Canada. In testing a new well, oil men burn the first crude that gushes forth, which is pretty well contaminated with mud and water. This avoids

damage to nearby land and crops. Imperial Oil, Ltd., affiliate of Standard Oil Co. (N. J.), says this new find in Alberta's lush oil area (BW—Apr. 16 '49, p. 120) has reached the thickest formation of oil-bearing rock ever found in Canada.

Demand for U. S. Oil Rising

Industry economist says over-all demand this year will be 3% to 5% ahead of 1948, with supply adequate. Main problem is to adjust refining operations to increase the gasoline yield.

Early this year the petroleum supply-demand picture shifted suddenly from shortage to plenty (BW—Feb. 5 '49, p. 26). Ever since, oil men and oil users have been wondering what to expect through the rest of 1949.

• **An Answer**—Last week they received one solid answer to their uncertainty.

U. S. oil demand in 1949, National Petroleum Assn. members heard at their semiannual meeting in Cleveland, will run 3% to 5% greater than in 1948. This is within the capacity of the industry—so no shortage problems appear likely. But it also means that crude oil production will have to be stepped up in the last half of 1949. It's now running about 5-million bbl.

daily; the increase may well bring crude output back to the high level (55,585,000 bbl. daily) reached in the last half of 1948.

The forecast was made by Richard J. Gonzalez, economist for Humble Oil & Refining Co. and chairman of the Interstate Oil Compact Commission's Economic Advisory Committee. Gonzalez, of course, hedged his prediction: The 1949 increase may be less than 5% if there is a business recession.

• **The Sizing Up**—On the demand side, Gonzalez gave this picture for 1949:

GASOLINE CONSUMPTION will probably gain at least 5% over the 1948 level (the 1947 to 1948 increase was 9.3%).

USE OF MIDDLE DISTILLATES (kerosene, domestic fuel oil, diesel oil) may rise 8% to 12%.

RESIDUAL FUEL OIL DEMAND will be little changed (in 1948 it dropped 3.7%).

MISCELLANEOUS PRODUCTS (lubricating oil, specialty oils) are expected to show some rise in demand, perhaps 3% to 6%.

EXPORTS will continue their downtrend, ranging 5% to 12% below 1948 (which was 18% under 1947).

To supply this over-all rise in demand, the industry will need only about as much crude oil as in 1948—because a big part (300,000 bbl. daily) of last year's output had to be used to rebuild inventories.

• **Two Ways at Once**—One difficulty faces the oil industry, he warned: "adjustment of refinery yields to meet the widely different trends in product demands."

What he was referring to here was something that probably had a lot of oil users puzzled: In many sections, gasoline prices are rising and fuel oil prices slipping at the same time.

• **Explanation**—Oil men explain this apparent paradox with ease. Consumer demand for fuel oil is high in winter, low in summer. With gasoline, the reverse is true. Refineries can adjust their product output only slightly to meet this seasonal situation.

Largely because of the mild winter, fuel oil stocks still are abnormally high. To move these stocks and make room for gasoline, refiners are cutting prices. More than that, some refineries are cutting back operations because they can't dispose of distillate and residual oils at this season. Meanwhile, regulatory agencies in oil-producing states have been cutting down the amount of crude that can be produced, to try to keep supply and demand in balance.

The result: Gasoline production is declining at a time it should be rising. So it is perfectly natural, oil men argue, for gasoline prices to go up while fuel oil prices decline.

• **Figures**—Here are the figures to back this reasoning: Refinery runs of crude oil in the week ended Apr. 9 dropped 202,000 bbl. daily from the previous week's level. This trend has been going on for several weeks. Gasoline production for the week dropped 459,000 bbl. Distillate fuel-oil output dropped 248,000 bbl. Stocks of gasoline were off 247,000 bbl., but light fuel-oil stocks were up 364,000 bbl.

To meet this situation, refiners are adjusting their operations to turn out the greatest possible percentage of gasoline from their crude oil runs. In the week ended Apr. 2 (latest available), gasoline yield amounted to 43.9%, compared with 42.6% a week earlier and 37.6% a year earlier.



OPTICAL GOODS Martin Held Co. showed its specialized microscopes, was one of few exhibitors that could quote prices. Big comparison microscope for crime work sells for \$1,800, small one for \$900.

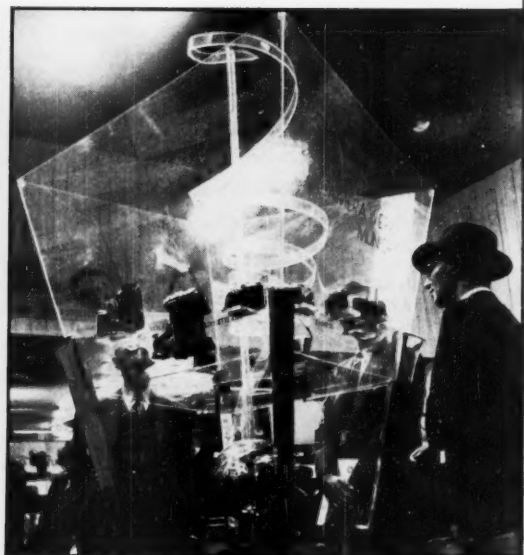


TOYS Though prices were not firm, all signs pointed to toys costing more than prewar

West German



TEXTILES Low output and unexciting quality will probably keep German cloths from gaining a U. S. market



CAMERAS Traditional craftsmanship indicated that photographic goods will again be an important export



CHINAWARE Rosenthal firm showed its lines of baroque bric-a-brac and flatware, wrote big orders



ENGINES Machinery, like diesels, appeared in limited quantities. No prices were quoted, no orders taken

Industries Show Off Their Wares in U.S.



PRECISION INSTRUMENTS Densitometer projector for spectrum analysis

The Allied Military Governments this week showed U. S. taxpayers what their money is doing to help revive Western Germany. In an extensive showroom in Manhattan's Rockefeller Center, some 500 industrialists had their latest wares on display. For many of them it was the first chance since the war's end to show their goods to the U. S. For others it was just an occasion to reaffirm that they are still doing business at the same old stand.

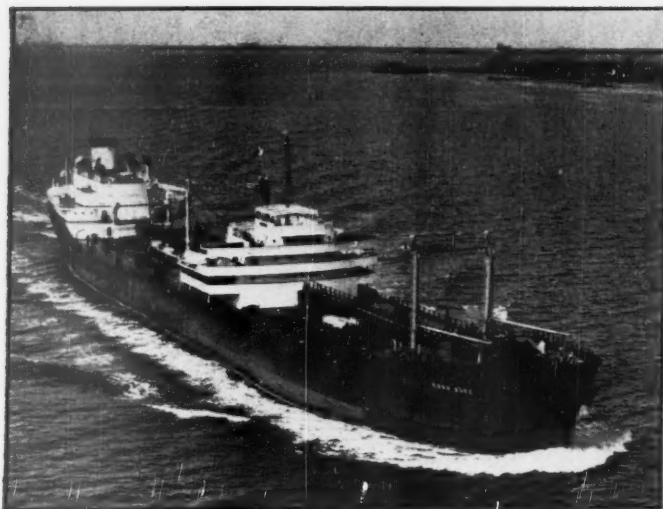
• **Screened**—Before the show opened, officials of the U. S. zone repeatedly asserted that all the German businessmen attending had been thoroughly screened for Nazi connections. But some of the exhibiting firms' names were those which once were closely linked with Nazi bigwigs.

The stated aim of the exposition is to open the way for Germany to sell more goods in the Western Hemisphere. This is in line with the U. S. policy of getting German industries back on their feet, thus taking some of the occupation-cost load off U. S. taxpayers.

• **Competition?**—Just how much competition this will mean to American manufacturers is uncertain.

German manufacturers still must cut through a lot of red tape to get export permits. (Many of the exhibitors at the show have not yet even had their export prices set by the Joint Export-Import Agency.) And some American importers believe that there will be a great deal of sales resistance to such German-made items as motor vehicles, textiles, and china—although there is still a strong market for fine optical goods, notably cameras.

• **Tour**—After the show closes in New York this week end, it will go on the road to tour several other large U. S. cities.



\$5-Million Supertanker Carrying Oil

The Esso Suez, first of a Standard Oil Co. (N. J.) fleet of 10 supertankers, was ploughing the seas this week on regular runs between Corpus Christi and New York. Her presence adds 9-million gal. of carrying

capacity to Jersey Standard's transportation facilities. Built by Newport News Shipbuilding & Drydock Co., the 26,500-ton vessel cruises at better than 16 knots. It cost more than \$5-million.

Peacetime Renegotiation Rules

Your profits will be subject to review if you do more than \$100,000 of business a year with the military. Pentagon issues a six-page regulation which sets forth its basic policy.

If you plan to do \$100,000 worth of business or more with the military in the coming year, your contract probably will be subject to renegotiation—in other words, to recapture any profits which the government considers "excessive."

Nobody knows yet just how tough peacetime renegotiation will be. But you can get some hints by studying the set of guides just issued by the military establishment. This six-page regulation, written by the military renegotiation policy and review board, is intended to set up basic policies that the services will follow in determining what profit is "excessive" on any given contract.

• **All Types of Contract**—So far, the military has directed renegotiation only toward aircraft procurement. And it has privately agreed that shipbuilding is better handled by the percentage profit limits of the old Vinson-Trammel act. Nevertheless, all contracts that obligate money appropriated by Congress for fiscal 1949 are subject to renegotiation.

The best rule of thumb to determine whether you are subject to renegotia-

tion: Add up all military contracts involving \$1,000 or more; if the total reaches \$100,000, you're eligible.

• **Policy**—The regulation directs military agencies, as a matter of policy, to do these things in all renegotiation determinations:

(1) Give the contractor an opportunity to develop and present any information that he considers pertinent to the case.

(2) Keep requests for additional information, and the number of meetings with the contractor, to a minimum.

(3) Review financial and factual information with the contractor, and get his agreement on its accuracy.

(4) Give the contractor every reasonable assistance, and all necessary information about technical requirements of renegotiation.

(5) Require no refunds of excessive profits (except in unusual circumstances) in an amount less than \$5,000. Another point here: The amount of the refund can't be more than the amount by which gross receipts from govern-

ment contracts exceed the \$100,000 floor. In other words, if your contracts total \$110,000, you can't be renegotiated for more than \$10,000.

Here are the general rules as outlined in the regulations. Full text is to be found in the Federal Register of Apr. 13. You can get it from the Superintendent of Documents, Government Printing Office, Washington, 25, D. C.

• **Profits Before Taxes**—The amount of excessive profits is to be determined before provision for federal taxes on income. The effect of income taxes on the retained profits will not be considered.

Separate consideration will be given to: (1) cost-plus-fixed-fee contracts; (2) contracts that contain incentive provisions or escalator clauses; and (3) contracts that provide for revision of the price during the life of the contract.

• **Operations in Other Years**—"Renegotiation settlements for the war years have no bearing on determination of settlements under the 1948 act." No increase in renegotiable profits will be allowed, to compensate for losses or inadequate profits on sales made in a year not subject to the new act.

Nor can losses on renegotiable sales in any year other than the year subject to renegotiation be used as an offset or adjustment in the determination of that year's renegotiable operations. (But such a loss may be considered in determining the reasonableness of the profits being renegotiated.)

• **Renegotiation Reserves**—Sound accounting principles, the statement says, may make it desirable for contractors to establish reserves against possible renegotiation refunds. But: "Neither the existence nor the amount of such reserves is to be considered directly or indirectly in connection with the determination of excessive profits." Profits before such reserves are set up will be considered in the renegotiation proceedings.

• **Customer-Furnished Materials**—The contractor who uses customer-furnished materials is not entitled to as large a profit—in dollars—as that to which he would have been entitled had he furnished the materials himself.

There's a catch, though: "The dollar profit allowed will usually result in a larger percentage of his sales than the dollar profit which would have been allowed if the materials had been purchased by him, and, therefore, included in his sales and costs."

• **Overextended Contractors**—A contractor will not be allowed to retain excessive profits merely because he lacks adequate working capital.

• **Comparisons**—In evaluating a contractor's performance, comparisons will be made with the prices, costs, and profits of other contractors who (1) produce the same or similar products, or (2) use the same processes. Contractors who

sell at lower prices because they produce at lower costs—through good management, improved methods of production, close control of expenditures, and careful purchasing—will get more favorable treatment than those who do not.

This "bonus to good management" is provided for specifically in the 1948 act. It directs that, where a contract price is based upon estimated costs, the military must determine the difference between such costs and actual costs. Then it must take into consideration the extent to which such difference is the result of efficiency.

• **Capital Used**—The ratio of the profit on renegotiable business to the capital employed and net worth used in that business will be considered in determining excessive profits. The contractor who does not depend on government or customer financing of any type is entitled to more favorable consideration than one who does.

• **Voluntary Refunds**—A contractor whose initial prices are calculated to yield a reasonable profit, and who revises such initial prices downward when circumstances warrant, will be given more favorable treatment than a contractor who does not follow such policy. You want to be careful, however; they won't always be counted as prepayment of renegotiable profits.

• **Recovery of Profits**—The military agency and the contractor may not be able to agree on the amount of excessive profits. In that case, the secretary of that agency can issue an order determining the amount. He can then recapture them:

(1) By reductions in the amounts otherwise payable to the contractor under contracts with the department, or by other revisions of their terms.

(2) By withholding from amounts otherwise due to the contractor.

(3) By directing a contractor to withhold from amounts otherwise due to a subcontractor, any amount of that subcontractor's excessive profits.

(4) By recovery from the contractor, through repayment, credit, or suit.

• **Interest**—If a contractor agrees to repay excessive profits in instalments, some of them may be liable to interest charges. Here's how to tell: No interest will be charged on instalments which are not in default, and which are payable within two years after the close of the fiscal period to which the renegotiation relates. But payments which stretch beyond the two-year deadline will carry a 6% interest charge. And default payments may carry a higher rate.

• **Taxes**—The regulations give the contractor one break: If the decision is that his profits were excessive, and if he has already paid federal taxes on those profits, he will get credit for those taxes toward the refund.

Keeping Ore in the Ground

Government asks industry to help stretch dwindling Mesabi ore. Program would include more imports to save home supply, and subsidized beneficiation plants to utilize low-grade ores.

Washington planners laid a new strategic concept before the steel industry last week. They called it "stockpiling ore in the ground."

• **Long Look**—Government spokesmen were doing some crystal-ball gazing. What they saw—and pointed out to steel men in secret meeting—was an all too well known fact: In ten years the huge Minnesota deposits of high-grade iron ore will be just about drained dry.

• **New Policy**—Here's what the planners recommend:

(1) Reducing present consumption of the Great Lakes ore;

(2) Making up the difference by importing from abroad;

(3) Building beneficiation plants to make the most of Mesabi's low-grade magnetic taconite ores—with government help, if it's needed. There are at least 1.7-billion tons of magnetic taconite available for open-pit mining.

• **Decision Reserved**—The select group of steel industry representatives listened politely—and reserved judgment. What happens depends on how U.S. Steel, M. A. Hanna, and Bethlehem Steel vote. Big Steel and Hanna control from 65% to 80% of the quality ore in the Mesabi. And Bethlehem has its own future supply blocked out.

• **War Worries**—What's worrying the government is that a war five or ten years from now would catch the U.S. short of iron ore from its own neighborhood to keep its steel mills rolling at emergency production rates.

It would take at least five years, with peacetime incentives, to get the import program really rolling. In that time a maximum of 25-million tons of ore could be flowing into Pittsburgh and the Midwest from about nine foreign sources. The Mesabi taconite might yield another 5-million tons, if beneficiation were started immediately.

By that time, however, the steel industry, barring an economic collapse, will be using from 90-million to 100-million tons of ore a year.

• **Results**—Thus, if industry followed the government's plan, five years from now the Minnesota ore pits would still be contributing 70-million tons of shipping ore a year to the furnaces in "Steel Valley."

Reserves of the good ore at the head of the lakes are estimated at about 1-billion tons. Another 500-million tons of "wash" or gravity-concentrate ore are available. At the conservation-rate of use, the Lake pits would be all

washed up in 21 years. This period could be stretched if beneficiation were expanded—and if the St. Lawrence Seaway-Labrador ore-field combination yields more ore than is looked for.

• **Obstacles**—The big problem on beneficiation is the huge initial cost of building—about \$65-million to \$70-million for two 24-million-ton plants.

In five years, imports would come from:

Labrador, 1,625 miles away from Baltimore (likely to be the best port for ore handling), far less by Seaway. Contribution would be about 10-million tons a year.

Venezuela, 2,300 miles from Baltimore, 5-million tons.

Liberia (Africa), 4,765 miles from the East Coast, 3-million tons.

Chile, 5,029 miles away, 24-million tons.

Brazil, 5,275 miles from Baltimore, less than one-half million tons.

Canada, Sweden, Algeria, and Mexico would provide another 4-million to 5-million tons.



Well Yields Gasoline

This oil-well equipment near the heart of Salt Lake City's business district was rigged to drill for gasoline—not oil. City engineers put it up after they discovered gasoline seeping into nearby buildings from underground storage tanks. Their efforts were rewarded by a yield of 400 gal. before they capped the "well" to await further developments.

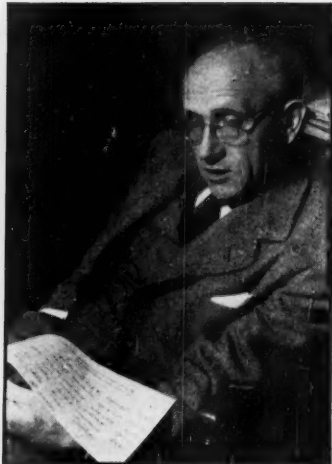
EXECUTIVE OPINION



"From now on we'll have a great deal more margin" of reserve capacity



"That machine will have a performance of 9,300 B.t.u. per kilowatt hour"



"This is an engineering industry. I think that's its good fortune"

Utility President Looks at the Future

Philip Sporn, head of A. G. & E., sees ample power, no rate cuts soon. Recorded conversation is new Business Week feature.

Courteous, poised, precise, a little stiff, quietly imperious, Philip Sporn is the kind of utility executive who keeps an uncased sliderule on his desk. A barely perceptible accent betrays his Austrian birth 52 years ago.

As president of American Gas & Electric Co., he heads an integrated system which snakes its way across the Middle West—from the southern tip of Lake Michigan, south and east to the rim of TVA territory in Tennessee and North Carolina.

Under Sporn, and George Tidd before him, A.G.&E. has been notable for its eagerness to expand capacity. It has had a reputation in the industry for building ahead of its load—and then being able to turn a dollar selling power to less foresighted systems.

That is why it was natural for BUSINESS WEEK to turn to Sporn when it wanted an informal assessment of the prospects for electric power—now that the industry has turned the corner in its greatest capacity expansion.

BW: We are particularly anxious to talk to you right now, Mr. Sporn, because your industry seems to be emerging from what at least threatened to be a very serious power shortage. You're over the hump now?

SPORN: I think we have very definitely got over the hump—and probably before we knew it. I think six months sooner than anybody expected, say three or four months ago.

BW: That would be December. . .

SPORN: I think it will prove to be

the case that we actually got over the hump last December.

BW: You mean demand will not get as high again as it did in December?

SPORN: That was the point where supply and demand were about as tight—one relative to the other—as they are likely to be over the next four or five years. From now on we'll have a great deal more margin.

BW: Does it look to you as if demand were going to be slower this year than it looked when everything was booming a little more?

SPORN: Yes, I think the speed of the rise in demand is actually slowing up a little bit. I can't tell you what it is going to show this year. The best guess is that we'll end up with an increase in demand in 1949 of less than 6%.

BW: There was more growth than that last year, wasn't there?

SPORN: I think so. And this year the margin between plant capability and actual demand is likely to be twice the 1948 margin—possibly a little larger. It will increase in '50 and once more in 1951.

BW: You had hardly more than 1% of reserve at the peak last December?

SPORN: No . . . I think the margin was of the order of 5%. It wasn't expected to be that large earlier, but as it turned out—particularly due to the favorable hydro conditions—the margin was actually a little over 5%. I look for a margin around 10% this year.

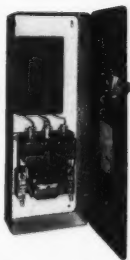
BW: That's the national situation. Should we expect local tight situations this year?

SPORN: Yes, but I wouldn't think there would be very much of it—certainly not after the first six months of this year. That's if the present industrial situation really represents what we are going to be in for . . . That is, a slowing up . . . not in any sense a slowing down . . . a slowing up of the tempo. I still



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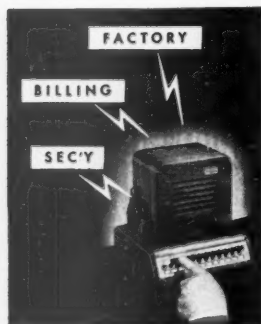
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think we will end the year with a considerable increase in demand . . .

BW: . . . but a slower rate of increase . . .

SPORN: . . . than we've had for the last three years.

BW: With this rather unexpectedly favorable situation on reserves, is there any inclination in the industry to slow down the rate of expansion? We've heard some talk among the manufacturers of cancellation of orders.

SPORN: The best information I've been able to get at the present time is that no such thinking is going on—or if there is any, it's so sporadic and so small as to be almost negligible.

BW: What about American Gas & Electric?

SPORN: This year we will spend considerably more than any year since V-E Day.

BW: When will you start to taper off?

SPORN: Our present figures . . . as of today, and I'm not sure they would be good as of a week from now . . . the figures show a projected expenditure in 1950 almost exactly what we spent in 1948.

BW: A little less than this year?

SPORN: The 1949 figure is about 20% greater than 1948, and therefore than the 1950 figure. And then the 1951 figure will, in turn, be another 20% below the 1950.

BW: What happens after 1951? Would you expect only enough expansion to meet growth in demand?

SPORN: Well, in 1951, on the basis of our present estimates, our system will end up with a margin of about 17.7%—a very comfortable margin. I'm quite sure that we wouldn't make any capacity expansions to increase that margin. Chances are we would cut down that margin somewhat.

BW: By retirement of high-cost equipment?

SPORN: Yes. That margin will have in it at least 4% of equipment that under normal conditions we wouldn't expect to run more than perhaps 100 hours a year—but which today we may be running as much as 4,500, much to our discomfort.

BW: What about the industry as a whole?

SPORN: I would think this: With the margin of about 18% which will be available for the country as a whole, a considerable portion of that 18% will be in relatively inefficient equipment. That would be reserve. Under normal



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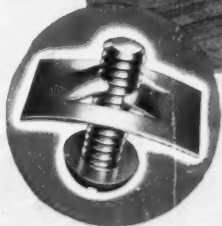
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conditions the equipment would not operate for any extensive period.

BW: Then in 1951 the bulk of the equipment in regular use will be up-to-date?

SPORN: The bulk of it will be very modern. According to the best figures I am able to put together, with an expected USA peak in 1951 of some 62.5-million kilowatts, we will have a capability for serving that peak of 74.3-million kilowatts. Of that, close to . . . let me see . . . 24.8-million kilowatts will have been added in the five years 1947-51.

BW: Is the new equipment as good as it ought to be?

SPORN: Some of the capacity that went on the line in 1947 and 1948 was not as good as it could have been if there hadn't been such urgency to put it on the line in the minimum amount of time. But most of the stuff that is coming on the line in the next three years won't suffer from that handicap.

BW: Is this a period of rapid technological advance in the industry?

SPORN: Advances are being projected by some members of the industry. Late last year, for example, we brought on the line a new unit of our Tidd station. That unit was projected early in 1946. We took advantage of a design we had worked out with manufacturers during the war; we couldn't do everything we would like to do. That unit has a performance . . . expressed in British thermal units per kilowatt hour output . . . a performance of 11,000 B.t.u. That represents exactly .85 pounds of standard coal.

On the other hand, a new unit that we are going to bring on the line within about two months at our Twin Branch station is going to go to higher temperatures than anybody has ever commercially operated at. It also utilizes reheat; that is a thermal cycle in which the steam, after its initial expansion in one turbine or one part of the turbine, is sent back to the boiler and brought up again in temperature and sent back to the turbine or to another turbine for further expansion. That machine will have a performance of 9,300 B.t.u. per kilowatt hour—coalwise a consumption of .715 pounds.

That's a reduction in fuel of about 16%—in a period of less than one year, you see. The technology isn't moving that fast. But there you have the very best that we can do today contrasted with something that was very good indeed in September, 1945.

BW: What about the industry's standardization program? Does that have a tendency to limit technical progress?

SPORN: Well . . . fortunately from that standpoint, there are enough util-

ities—and we are definitely one of them—who don't believe that standardization ought to stand in the way of new ideas and new designs. And we have enough manufacturers thinking the same way.

BW: Getting back to the present situation: You have some reserves now, and can carry the load. But isn't that in a sense a restricted load? Say a man wanted to start a new electro-process plant today. He wouldn't find himself very welcome.

SPORN: I'm not sure that is the case. I believe that that probably isn't so, as to the majority of the utilities. I know it definitely isn't so in our system.

BW: You welcome additional load?

SPORN: Most certainly. And there are others who do. Now, by the same token, I am fearful that there are some who don't. I think they are wrong, and I think in the long run they will see the error of their ways.

I don't believe the utility industry as a whole has been discouraging any load. We in A.G.&E. have been seeking load and we have been taking care of all the load that was to be served in our territory—and have been very active in bringing new industry into our territory. We picked up last year on our system some 250,000 kw. of demand—and we served it.

BW: New customers?

SPORN: Oh my, yes. We picked up 82,000 customers on the American Gas & Electric Co. system. And we sold . . . to give you an example of what I mean by pushing load expansion . . . we sold 45,000 ranges and some 30,000 water heaters . . . both very heavy energy-consuming devices.

BW: Now what about the financing of all this expansion? It's our impression that more of it than the industry is comfortable about is being financed on debt.

SPORN: I think this is what's taking place: Debt percentage is increasing slightly, but strangely enough the equity percentage is also increasing . . . I mean common stock equity. The reason for that is the substantial disappearance of preferred stock as means for raising capital in the utility structure. That may be temporary, or it may not. I certainly wouldn't expect to see any rise in the debt figure above 60%.

BW: Financing problems haven't limited your expansion in any way?

SPORN: I don't believe they have . . . they certainly have not to date. And I would expect if the utility industry does as good a job over the next three years as it already has—and I see no reason why it shouldn't—there will be no serious problem.

There isn't any other industry, in my

Silicone News



DC 44 Silicone Grease Ends Bearing Failure in Textile Plant

Bearing failure may burn out your motors, stop your entire production line or ruin a mill run. That's why it's front page industrial news when the Plant Manager of a large textile plant reports that he has not had a single bearing failure since he started to use Dow Corning Silicone Oils and Greases over 30 months ago.

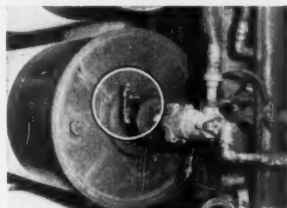


PHOTO COURTESY AMERICAN FINISHING COMPANY

DC 44 Silicone Grease in ball bearings on drying cans, operating at 400 r.p.m. around saturated steam journals, has 45 times the life of the organic grease previously used.

Typical of the lubrication problems that plague plant engineers in textile plants is the maintenance of "steam-heated" bearings. It used to be necessary to lubricate bearings on drying cans and the main cylinder bearings of Sanforizing machines once every 8-hour shift. Since American Finishing started to use DC 44, the re-lubrication schedule has been cut to once every 30 to 45 shifts. The lubrication of Sashers on textile mills presented a similar problem that has been solved by using DC 44.

On tenter frame chains and races that travel through ovens at 400°F., petroleum oils carbonized so rapidly that the chains had to be cleaned periodically. That costly operation and the need for continuous lubrication have been eliminated by a weekly application of DC 710R Silicone Fluid.

American Finishing, like many other skillfully engineered companies, has found that Dow Corning Silicone lubricants more than pay for themselves in reduced maintenance costs. Increased production due to the virtual elimination of bearing failure is another one of the many bonuses Dow Corning Silicones pay to modern industry. For the most recent data on DC Silicone Greases phone our nearest branch office or write for data sheet No. D5G.

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judgment . . . no other basic industry that has as bright a future as the electric utility industry. No other is in as excellent a position to expand for future growth and yet feel assured that, even if some of the projected demand is delayed . . . and that is entirely possible . . . that even so, the expansion will be economically sound. The reason is that often the economies the new capacity is able to bring about are capable of carrying substantially all fixed charges.

BW: Are you looking for any downturn in your equipment and construction costs during the next few years?

SPORN: I expect we will get some downturn. I don't expect it will be very great. Copper, certainly, is coming down in price; steel is definitely coming down; and if wage scales are not coming down I think labor efficiency is coming up.

BW: Has that begun to show up in contracts you are placing?

SPORN: Just barely. But I would expect to see more of it as time goes on. We need some of that help in order to hold present electricity rate structures—and to keep such rate increases as may have to be asked for down to a very minimum.

BW: I take it you think it will be some years before the long-term downward in electricity rates reasserts itself?

SPORN: . . . Well . . . I think before we can get into a downward trend of electric energy rates we are going to have to have a period of stabilization of costs.

We are at a point where it may be possible to stabilize without too much increase beyond what we have at the present time. And after we have done that—provided nothing happens to interrupt the development of usage and the economies that that brings about—I'm not too pessimistic that we won't be able to resume the downward trend.

BW: That might be resumed sometime in the next two or three years?

SPORN: I can't say. That's a little too precise for me. Two or three years may be too soon . . . maybe within the next three to five anyhow.

BW: Well, sir, I have been asking you a lot of questions. But you are the man who is supposed to be doing the thinking ahead for A.G.&E. What do you find you are thinking about?

SPORN: There are long-term and short-term problems. Of the long-term problems I'd pick three as most important.

The first is developing the technical basis for sound system growth. That is: How are you going to expand a system that may be required to serve a



On Course ...as Desert goes to Sea

Cargo liner navigates "Gate of Hell" in raging sand storm with SPERRY RADAR showing Captain every sand-hidden ship

■ Captain Even Bruun-Evensen of the MS TITANIA discovered on a Red Sea voyage that Sperry Radar makes navigation safer in a sand storm as well as in fog, rain or black of night.

■ "Abreast of Mocca to Aden on the Red Sea, we ran into trouble," said the master of the Wilhelmsen Line's cargo liner, TITANIA. "Navigating the Bab El Mandeb Strait — commonly known as the 'Gate of Hell' — we ran into a heavy sand storm. The sand was blowing so thick I couldn't even see my foremast. I decided to try my radar and to my complete surprise I could see every ship through the sand and was able to navigate around Perim Island to Aden."



■ On the Yokohama to San Pedro run, Captain Bruun-Evensen estimated he saved a day and a half through the use of radar. And on a trip into Capetown he saw the harbor full of lights. He turned on his radar and was astonished to find the scope

showing the harbor "full of ships" and decided "something's wrong here, I'll wait for daylight before I enter."

■ "In the morning I found radar had given a true picture," he said. "There were five whaling factory ships, each with a dozen or more whale catchers which completely cluttered the harbor."

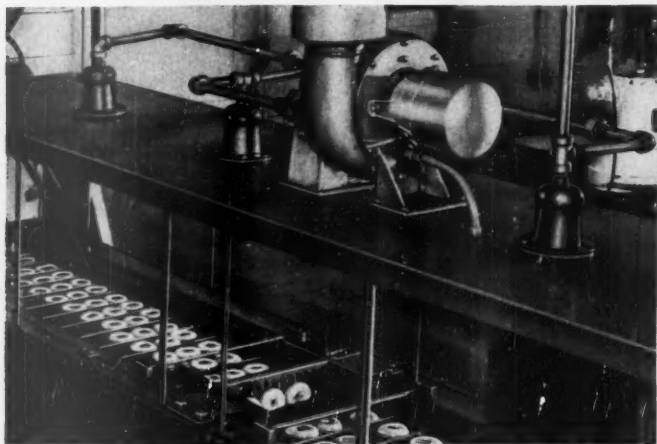
■ The Titania's experience is another indication that Sperry Radar complements the skill of pilot and shipmaster in open or closed waters . . . in fog, storm or unusual sailing situations with its sharp, clear scope images. Our nearest District Office will be glad to give complete information.



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Kidde

doubled load in the next 10 years or so? You're going to have to do new things.

BW: And the second problem, sir?

SPORN: A problem that is bound to be with us... and necessarily is a matter of considerable thought and work... is how to raise the capital for the facilities that are going to be needed.

BW: That hasn't been too difficult.

SPORN: No, but I think we need to look ahead. In the case of our own system... looking ahead 10 years... possibly longer, maybe 12 years... we may be called upon to make investments of well over a half billion dollars. That's a great deal of capital. We have to change ideas on how to raise capital... when we run into such large quantities.

And finally I come to the third long-term problem. What I call working out a sound program to bring about... oh, perhaps the best way of saying it... a stabilized and unified relationship between governmental and private power production and distribution.

BW: How do you mean, sir?

SPORN: At the present time government supplies approximately 20% of the electrical requirements of the country. I don't think that by itself is anything to be alarmed about. I think the economy as a whole is in good enough condition to continue on that basis.

I think there is good reason to believe that some kind of unification and balance between private and governmental operation can be brought about. There has been such a balance over the last four or five years.

BW: And your short-range problems?

SPORN: The short-range problem... certainly the problem for the next year... is controlling both construction and operating costs.

BW: Can you do much about costs?

SPORN: I think you can do a lot of things. In construction, although indices have gone up, in many cases to alarming figures, it doesn't follow that costs of facilities have to go up in direct ratio. Designs that were perfectly good a year or two or three years ago are susceptible to improvement. There are scores of ways in which improvements can be made to reduce capital and operating costs and at the same time to improve performance.

BW: This is an engineering problem primarily...

SPORN: This is an engineering industry. I think that's its good fortune... the fact that it never finds itself hopelessly in a corner, no matter what the development is. It's always possible to bring to bear on its problems scientific and engineering developments.

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changing needs*

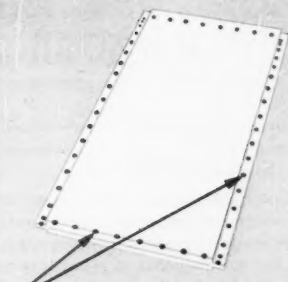
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FIFTEEN MONTHS AFTER Charley was hurt in a car smash-up, we had a meeting in my office to decide what to do.

Charley had been our sales manager for twenty-two years—a “stemwinder,” too. Ours is a small company, as corporations go, and we didn’t have an assistant sales manager.

So we had to hire another man to take Charley’s place when the doctor told us he would be laid up for a long time—perhaps for good.

Finally, we reached a decision about Charley’s pay and I went to see him the next day.

It took all the courage I had to face him—to tell Charley we couldn’t keep on paying his full salary.

What we had decided we could afford won’t even begin to take care of Charley and his family the way they had lived since he bought that big house, back in ’37. But even what we are going to pay is enough

to be a serious drain on our payroll.

In that same meeting we had about Charley, we decided to ask our Travelers man to set up a Business Accident Plan for our key men.

Our plan is in effect now. And although it’s too late to help Charley, we have made sure that a situation like his will never again come up in our organization.

• • •

Policies issued under a Travelers Business Accident Plan cover all accidental injuries—on the job and off.

With this plan, your key men are assured that medical expenses will be paid and a weekly income provided in case they’re injured. If the injury puts them on the shelf permanently, they’re sure of an income for life.

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deep-down satisfaction you’ll get from knowing that you’ve done so much to make sure of the financial security of the people who work for you!

Business Accident Insurance is only one of several forms of employee insurance protection that The Travelers, pioneers in employee insurance, have developed to suit the needs of big and small companies.

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BUSINESS BRIEFS

Prices of diesel-electric locomotives have been cut about 5%. G.M.'s Electro-Motive Division started it; Fairbanks, Morse & Co. and American Locomotive followed suit.

Northwest earthquake didn't do the damage newspaper headlines said it did. Gov. Arthur B. Langlie puts Washington losses at about \$2-million. Industry suffered very little more than some broken windows, slight rail tie-ups, downed phone lines.

Ford's Mexico City assembly plant is being expanded. It will cost Ford \$2-million to boost annual car and truck output from 12,000 to 18,000 units per shift.

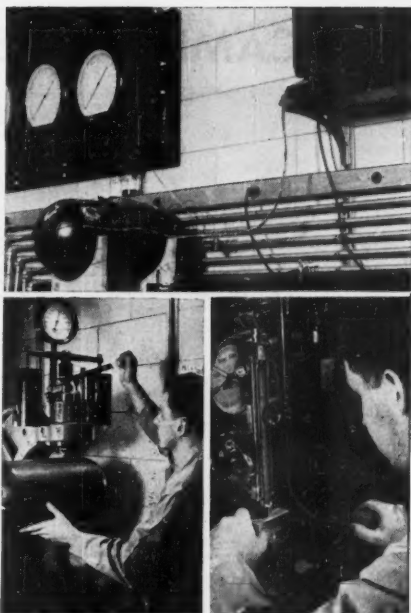
Maple-sirup grade labeling bill has been passed by Vermont's lower house. To use the official state "Pure Vermont Maple Sirup" seal, producers will have to mark containers with place of origin, date, grade, and contents.

Increasing age of corporation officials (BW—Oct. 16 '48, p. 19) can be seen from a survey of 65 companies by the Chicago management-consultant firm of Booz, Allen & Hamilton. In 20 years the average age of all officers except board chairman has gone up from 47 to 54; of presidents, from 53 to 59.

Beech Aircraft is making a new excursion into nonaircraft fields. Besides planes, its Wichita plant has been making dishwashers, and parts for cotton pickers and refrigerators. Now it has a \$1-million order to turn out a new corn harvester for the Great American Farm Implement Corp.

A return of the Donora fog, which caused death in the Pennsylvania town last year (BW—Nov. 20 '48, p. 21), would get plenty of advance notice. American Steel & Wire Co. has hired Boston's Weather Advisors, Inc., to keep tabs on the weather. According to the steel company's research director, Walter O. Everling, the idea is to give an alert if the "particularly dangerous stagnant weather conditions" of last October shape up again.

Belfast, Me., is close to filling the gap left when Daly Bros. moved its shoe factory out of town (BW—Jan. 8 '49, p. 77). It has raised almost the full \$70,000 needed to build a new plant for the Belfast Shoe Corp. The Belfast Industrial Building Assn. has the lot, plans to begin building soon.



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SCAIFE RESEARCH

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The Scaife Research door is always open to users of pressure vessels for air, gases and water. New problems are constantly being presented, brought on by a need for vessels of higher strength, lighter weight, greater resistance to corrosion, vibration and shock.

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CAMERA VISITS INDUSTRY



1 As initial step in porcelain-enamel demonstration, research director M. J. Bahnsen (right), pours a crucible of molten glass into a beaker of cold water. This sets glass so quickly it shatters into a million pieces. Glass is a mixture of feldspar, silica sand, borax

Tabletop Porcelain Plant

Ferro Enamel Corp. of Cleveland puts on actual step-by-step demonstrations of how porcelain enamel is made—to boost sales of its porcelain-making equipment and supplies.



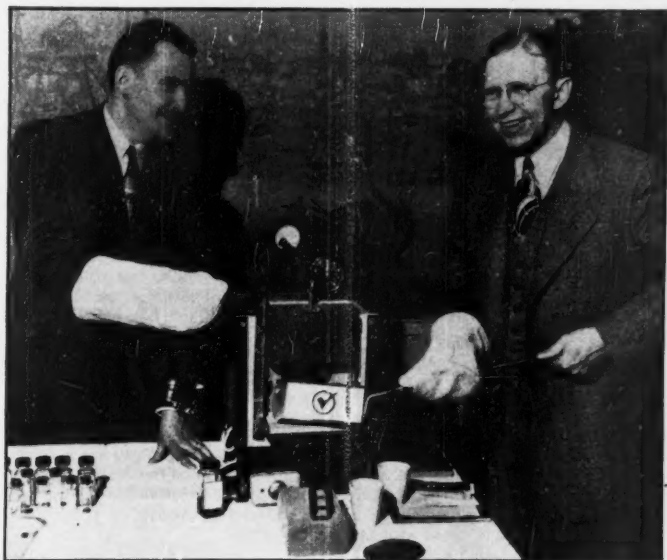
2 By splintering glass, Dr. Bahnsen has made what porcelain-enamel people call frit. At plant this must be ground in large porcelain-lined ball mills. So Dr. Bahnsen holds a miniature ball mill in his right hand, a beaker of unground frit in his left. Frit is ground with clay, water, and ceramic pigments. It comes out of the mill as a heavy, creamlike substance which is called "slip" (TURN TO PAGE 41)



3 Dr. Bahnsen shows how a metal may be dipped in slip. Another way is to spray it on. Metal then goes to drying oven



4 After drying, Dr. Bahnsen shows how easy it is to stencil a mark on the ground-glass-and-clay surface



5 Dr. Bahnsen then places metal in a miniature furnace where it is fired at temperatures of 1350F and 1600F. Here, he and assistant draw finished piece from furnace, with stenciled mark baked in. Firing operation fuses or remelts clay surface (called "bisque") into a tightly bonded, glass-hard coating. This is porcelain enamel

Showing Helps Selling

Ferro Enamel Corp., Cleveland, covers the field in making and selling equipment needed to operate a porcelain-enameling plant. Recently the company decided it needed some graphic, dramatic way in which to illustrate its sales story. The outcome was the miniature, tabletop demonstration of porce-

lain-enamel manufacture shown on these pages.

Porcelain enamel has countless uses in industry. It goes into refrigerator liners, gas and electric stove surfaces, bathtubs, and sinks. It can be applied to almost any metal for which a stainless, rustproof surface is needed.

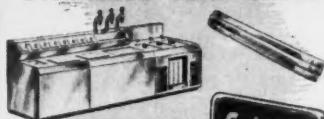
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TRANSPORTATION



HIGHWAY-CONSTRUCTION budgets are at the highest level in history. That means...

More New Highways in '49

Spending this year will set a record of \$1.7-billion. Most postwar shortages are now over, but trained engineers are still hard to find, Business Week survey shows.

Road-building in 1949 is almost certain to be at the highest level in U. S. history. Spending on new roads and on maintenance of old ones has been rising steadily since the end of the war (BW—May 22 '48, p. 36). This year, it's estimated, it will total almost \$1.7-billion.

A BUSINESS WEEK survey last week of state highway departments found all of them agreed that there's an urgent need for more and better roads. The nation's highway facilities, state highway officials say, have always been inadequate; they are even more so today because of new demands on them from three sources: (1) a sharp rise in traffic volume; (2) growing urban congestion; and (3) national-defense requirements.

• **More Traffic**—The number of motor vehicles registered in the United States (cars, trucks, and buses) has increased by more than a third since the war: from 304-million in 1945 to nearly 41-million last year. Vehicle mileage has risen even faster: In 1945 it was about 249-billion mi.; by last year it was up to 395-billion. (This means, of course, that the state take from gasoline taxes and auto-registration fees has skyrocketed, too.)

Percentage-wise, truck registrations have increased more than passenger cars. The number of trucks lumbering over

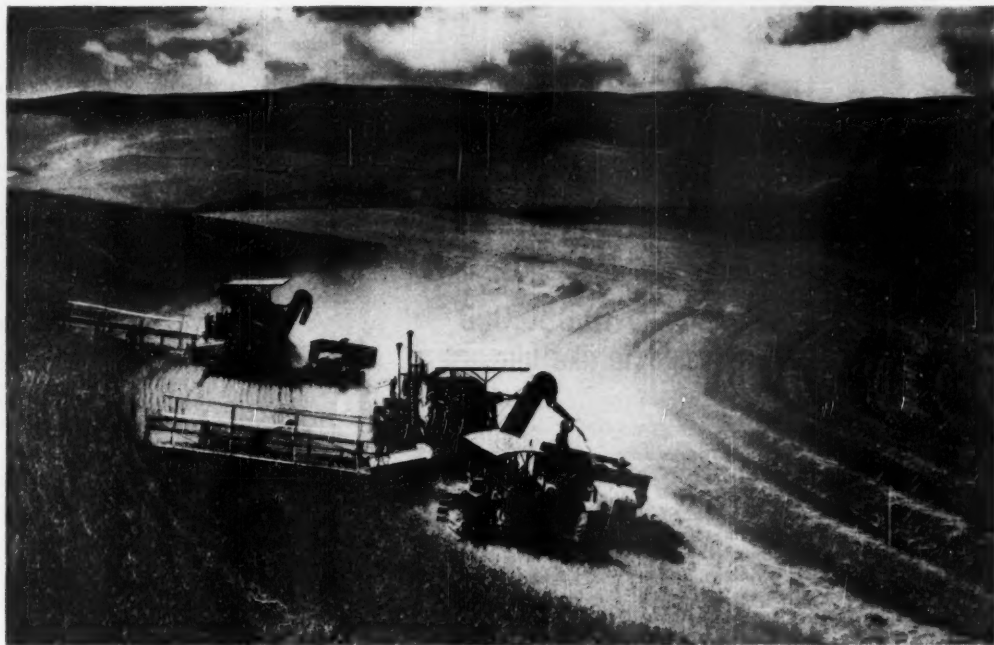
the nation's roads rose from 4.8-million in 1945 to 7.3-million last year. Truck traffic nearly doubled in the same period: from 55-billion ton-miles to 100-billion.

• **Needed**—To get our highway system into shape to handle future traffic properly will take about \$60-billion and 15 to 20 years, according to Col. E. R. Needles, president of the American Road Builders' Assn. If we are to attain that goal, he says, the federal government will have to authorize highway aid to the states at the rate of at least \$1-billion a year.

Federal highway aid is allocated to the states by the Public Roads Administration. (The total amount of aid, of course, is set by Congress.) Each state is required to appropriate enough money of its own to match the federal funds, dollar for dollar. The federal-aid road system includes about 624,000 mi. of highway; the rest of the nation's roads are built and maintained by state or local governments without federal assistance.

• **\$500-Million a Year**—The federal Highway Act of 1944 authorized PRA to allocate \$1.5-billion of federal-aid funds, at the rate of \$500-million a year in each of the three fiscal years ended

When you order dinner, the farmer orders steel!



UNCLE SAM's boarding house now feeds over sixteen million more people than in 1940, according to the Census Bureau. Today an estimated population of 148,000,000 Americans (including you) gets hungry three times a day, every day of the week.

This record-breaking national appetite has been making farmers hustle on America's 5,859,169 farms. Farmhands are scarce. Farmers have been calling for agricultural machinery—an estimated 1½ billion dollars worth last year alone! And large parts of the world have been looking to American factories for the machinery and tools necessary to avoid starvation and build for peace.

• So the farm machinery factories have been calling for steel and more steel. And

the farmers themselves have wanted acres of steel roofing and thousands of steel farm buildings. On top of that, great quantities of steel wire are needed for fencing our farms—668,000 miles of it in 1948.

That gives you only a partial idea of the enormous demand for steel these last few years.

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Community improvements of every sort, from flood control dams and water systems to sewage disposal plants, all take steel. National defense takes its share.

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HE'S A PRODUCER . . . and he can show you with facts and figures that labor in Santa Clara County is as much as 25% more efficient than in other sections of the country. Manufacturers, striving for decentralization have created 10,000 new industrial jobs in Santa Clara County during the past 5 years. Without exception they report high productive efficiency as a result of the extreme liveability this County offers. It will pay you to find out more about this area.



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This entire book is based on statements and observations by the 80 odd major industries that have located in Santa Clara County during the past 5 years. You'll find it interesting. **FREE**—but write on your business letterhead.

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SAN JOSE CHAMBER OF COMMERCE



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The population center of the Pacific Coast

June 30, 1946, 1947, and 1948. But the work started slowly right after the end of the war—chiefly because of the inability to get materials and road-building equipment, and to the sharp rise in construction costs that materially slowed the letting of contracts.

As a result, the \$1.5-billion authorized under the 1944 law was not all used up in the three years originally scheduled. So Congress changed the law to provide that the \$1.5-billion would cover four years—through June 30, 1949. This will probably come out just about right; a little over \$1.4-billion of federal funds has been spent on new highways that have been completed, are now under construction, or for which contracts have already been let.

Last year, Congress passed a new highway act; it authorized PRA to allot up to \$450-million a year in the 1950 and 1951 fiscal years.

• **Doubts**—But it's a far cry from that to the \$1-billion a year suggested by Needles. There's serious doubt that most states could get their engineering and planning work geared to a rate of spending more than twice as high as the present rate.

And there's also serious doubt that many of them could raise twice as much money. (To solve this problem, some construction men suggest that the federal government relax its restrictions on matching funds; that it permit the states to put up only 40% to 33% of the total amount instead of 50% as at present.)

• **Accomplished**—The Public Roads Administration reports that, as of Jan. 31, 1949, 68,741.6 mi. of new highways had been built since the end of the war. Among the states, Texas was far in the lead, with 6,071 completed miles. Minnesota was second, with 2,917 mi.; Kansas third, with 2,874.

Texas was also the leader in roadways under construction, with 1,034 mi. Kansas was second, with 946; Georgia third, with 780. Kansas held first place in roads under contract but not yet started, with 506 mi.; North Dakota followed, with 200; then Iowa, with 192.

• **Planned**—The American Road Builders' Assn. estimates that \$1.2-billion will be spent on new highways in 1949 (including both the federal-aid system and state roads). This compares with \$1.1-billion spent in 1948, and \$846-million in 1947. Contracts awarded in 1948 came to \$1.1-billion, compared with only \$818-million the previous year.

These figures don't include maintenance costs which, A.R.B.A. says, will hit \$433-million this year, compared with \$415-million in 1948 and \$377-million in 1947.

• **Spending and Mileage**—There is no trustworthy relationship between the amount of money a state spends on highways and the number of miles of

how much



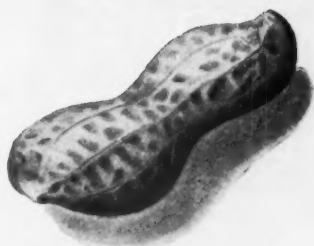
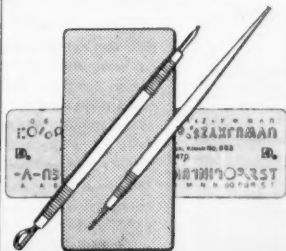
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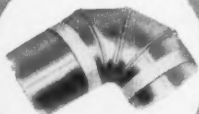
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new roads it builds. New York is first in amount of projected spending for 1949, with \$166-million. But it is 24th in the list based on mileage of new roads, with 600 mi. Similarly, California is expected to be fourth in spending (\$90-million), 27th in mileage (\$27 mi.). New Jersey, 15th in spending (\$37-million), is expected to be last in new mileage (only 25 mi.).

On the other hand, Kansas is third in mileage (2,500 mi.), only 17th in spending (\$33-million). And Kentucky is sixth in mileage (1,150 mi.) and 22nd in spending (\$28-million).

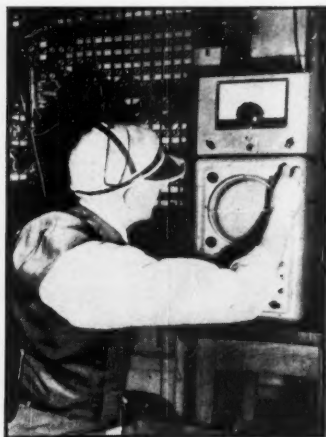
One reason for this disparity is the difference in type of highway being built: Six-lane divided expressways, of course, cost a lot more than two-lane roads. Another is the varying proportions spent on maintenance.

• **Agreement**—The BUSINESS WEEK survey brought out the information that all state highway departments are pretty well agreed that:

(1) They are better equipped with road-building machinery than they have been at any time since the war;

(2) There is a trend toward competitive bidding on a big scale for the first time since the war;

(3) Cement and steel shortages are



Railroad Radar

Radar has found a new use in railroading. On the Southern Pacific System the device is being used to locate breaks in the railroad's telegraph or telephone circuits. The equipment can be plugged into any circuit. A radar pulse is sent out the line, bounces back from the break. The time the pulse takes to return—and so the distance to the break—can be plotted from the pattern that shows up on the oscilloscope—just under the right arm of E. A. Babcock, wire chief, who is tinkering with the device at the road's northern California terminal.

still troublesome, with steel in the shortest supply.

• **Personnel**—But on several facets of the situation, there was not such general agreement. About half of the states reported that one of their biggest problems was to get adequate personnel—particularly trained engineers—for their highway departments.

For instance, Arizona says that personnel is plentiful on the construction end, but engineering talent is still at a premium. Arkansas reports that it's having trouble attracting suitable personnel because the pay isn't high enough. The legislature "is expected to raise salaries to levels more competitive with other states for the same work."

Illinois reports enough skilled laborers, but says it has been unable to build up its engineering force to meet present needs. Kentucky is having trouble getting trained engineers because the state constitution sets a salary limit of \$5,000 a year. Past attempts to amend the constitution have failed; a new proposal comes up for a vote next November. Montana reports more personnel available, but "there still exists a shortage of qualified engineers and technicians."

On the other hand, Nevada says "personnel is adequate." From Mississippi: "Personnel is becoming more available." New Hampshire: "Personnel situation is bettering."

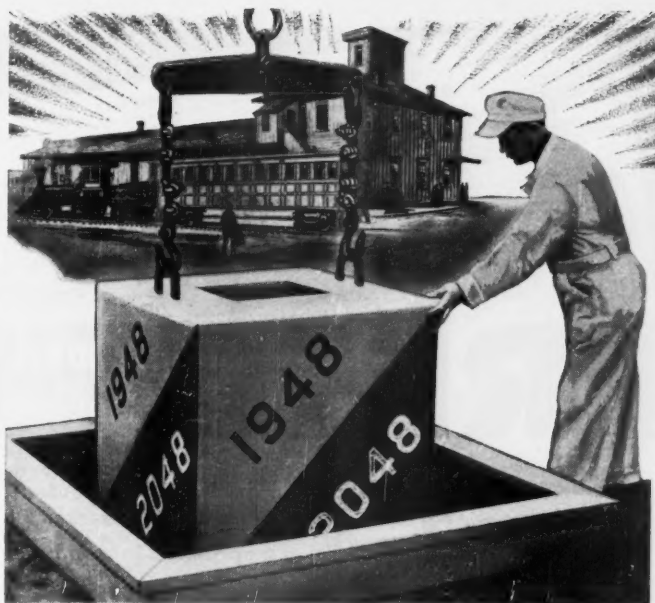
• **Money Supply**—Another point of difference: Some states report they are having trouble finding enough money to meet rising maintenance costs and still build new highways; in others (principally those which have raised gasoline taxes), revenues are running ahead of the road departments' spending plans.

This situation is not so prevalent now as it was a year or two ago. At that time, many states were unable to use all of the available funds because of labor and material shortages. Some highway experts argued that there was no sense in boosting tax rates until those shortages were overcome. But in most states, proponents of building up a cash reserve for highway spending won out.

• **Complaint**—Many highway users have attacked the general feeling that the only way to remedy traffic congestion and repair bad roads is to hit the motorist for more money—through higher gas taxes, higher registration fees, toll roads, and the like. Arthur C. Butler, director of the National Highway Users' Conference, puts it this way:

"Raising the tax rate will not automatically raise the competence of highway planning, or even assure that any planning will be done. Neither will it eliminate fiscal and administrative errors which have diverted billions of dollars of highway money to other purposes."

Butler says that, even where a tax rate remains unchanged for many years, revenues for roads can increase a lot. He



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cites the case of Alabama: It has had the same gasoline tax rate since 1932, but proceeds of that tax have increased from \$7.3-million in 1932 to \$27.7-million in 1948. This natural growth in revenues, he says, is too often overlooked by those who would just raise the tax rate.

• **New Toll Road**—But in New Jersey last week, Butler's pleas fell on deaf ears. Gov. A. E. Driscoll signed into law a bill authorizing construction of New Jersey's first state toll road.

The bill vests in a new State Turnpike Authority power to build the road over a 130-mile route from Alpine, near the New York State line, to Penns Neck Township, Salem County, at the Delaware River line. Construction of the necessary feeder roads was also authorized at the same time.

The new road will connect with Delaware's proposed du Pont Bridge, scheduled for completion by 1951. Tolls will be set high enough to pay off the bonds and insure adequate maintenance.

• **Budgets Higher**—In almost every state, construction budgets are higher in 1949 than they were in 1948. They range from a low of \$4.3-million in Nevada to New York's \$166-million.

Several states report that they will concentrate on one phase or another of highway construction. Minnesota, for instance, will pay a lot of attention to bridge-building. Reason: Steel and cement shortages have forced the state to "stockpile" its bridge program in the past few years. Illinois will emphasize three things: (1) rebuilding of primary roads; (2) new superhighways into Chicago; and (3) secondary roads.

Deterioration of secondary roads, which farmers use to bring their produce to market, is bothering many state highway departments. Of the 3-million miles of rural roads on the country, half are unsurfaced. And 817,000 mi. are entirely unimproved. Several states, such as Iowa and Arkansas, have long-range plans in the works for an all-weather system of farm-to-market roads.

• **Rubber Roads**—A new type of highway will be tested within the next 45 days by state highway departments in Texas, Virginia, and Ohio. The experimental stretches will use between 1/4 ton and one ton of powdered rubber for each mile of road, in combination with bitumen, the binding agent used in regular asphalt roads.

Warren S. Lockwood, director of the Rubber Development Bureau, Washington, D. C., said that incorporation of rubber in the bituminous binding material yields a superior road surface that has been used in Europe and in the tropics for some time.

Rubber required for the test sections is being supplied to the three state highway departments by the Dutch Rubber Foundation in Delft, Holland.

MEMO

*How to help
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stop passing profits to the scrap dealer

Maybe you have been running antiquated machines so long that your President has come to expect a high write-off for spoilage as a normal production cost. But the "book savings" from operating old, amortized automatic bar machines can be quickly eaten up by the excessive costs of production rejects.

Perhaps a simple reminder—a few case histories on the experiences of some of our customers—will demonstrate to your top executives how the new Acme-Gridley Automatics can "up" your production profit.

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THIS IS WHAT HAPPENED:

MACHINE—2" RB-6 Spindle Acme-Gridley Bar Automatic

PART TURNED—Sewing Machine Shuttle Blank

MATERIAL—SAE 1112 Bar Stock

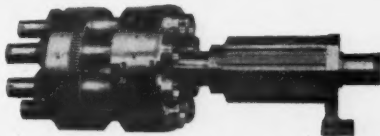
OPERATIONS—20, including pick-off and shaving back radius

TOTAL TIME PER PIECE—23 Seconds

TOLERANCE—.002" between stem and inside wall

AND HERE'S ONE IMPORTANT REASON:

ACME-GRIDLEY SPINDLE CARRIER, designed with bearing surface: two-thirds the length of head-stock housing. A heavy bearing in the gear box section and the guide-arm, both supporting the stem end, provide a three-point bearing for the carrier system. This rigid support is a basic reason for sustained accuracy under heavy duty service. Carrier and stem are concentrically ground, by an exclusive National



Acme process, at one setting—to give basic positive alignment, for greater machining accuracy. The forged end tool slide is mounted around this hardened stem. Permanent alignment of the tools with the work is one of many important reasons for the precision, speed and long life of Acme-Gridley Automatics.



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Now? Study the chart on the right. It is an actual operating record in a 15-story office building where Selectomatic is in operation. Note the greatly improved average waiting time—the marked improvement in service speed at the lower floors.

Selectomatic makes all this superior service through the use of the exclusive "floating head control" principle. High-speed cars automatically skip out low-floor cars when they need help—and vice versa. Consequently, each car works harder, takes more trips in a given period, thus increasing the number of passengers it can carry.

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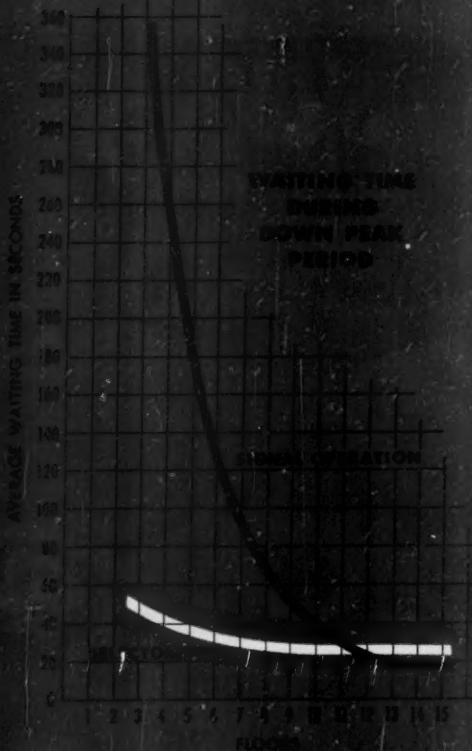
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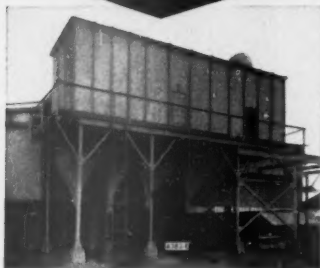
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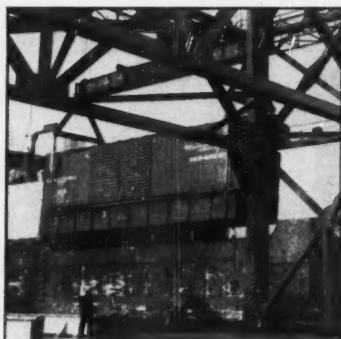
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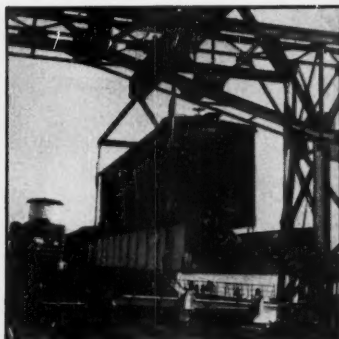


1 Two Seatrain ships load freight cars at Seatrain's Edgewater (N. J.) terminal, across the river from uptown Manhattan. Terminal connects with N. Y., Susquehanna & Western R.R.

Seatrain's Carry 100 Loaded



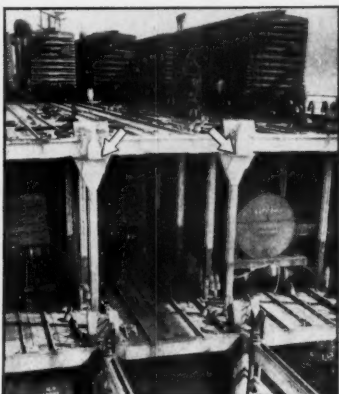
3 Crane lifts car from dock on a detachable cradle, brings it over ship's side



4 Freight car is lowered into the ship. The crane can load 20 cars an hour



6 Once in position, car is clamped down tight. Seatrain's are safe in bad weather

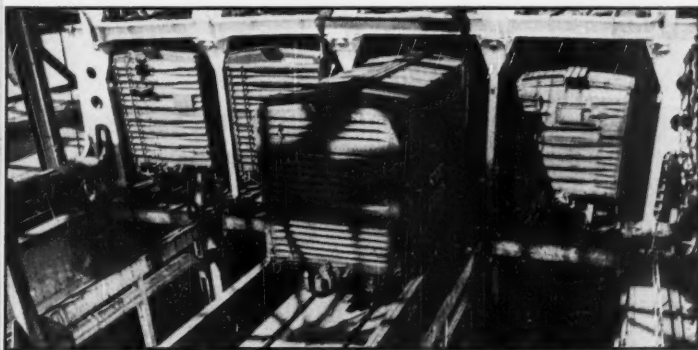


7 After lower decks are full, cradles are lowered into top-deck notches (arrows)

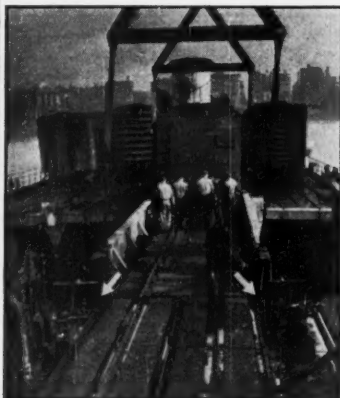


2 "Seatrain Texas," at the Edgewater terminal, is moored under the crane which lifts cars from dock and stows them aboard. Foremast is lowered so the ship can go under crane

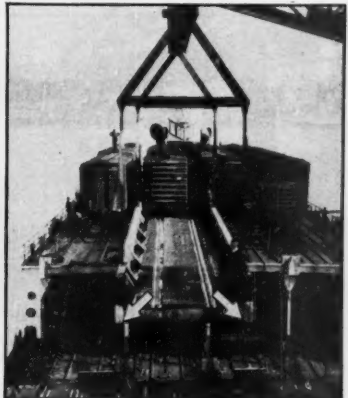
Freight Cars at a Time



5 Car is drawn into place along the rails on one of the ship's four decks by a cable attached to a stationary steam engine. Stevedores are used only to help secure cars to the decks



8 Cradle is in position, and stevedores follow a car being rolled onto top deck



9 Empty cradle returns to dock for another car (TURN TO PAGE 54)



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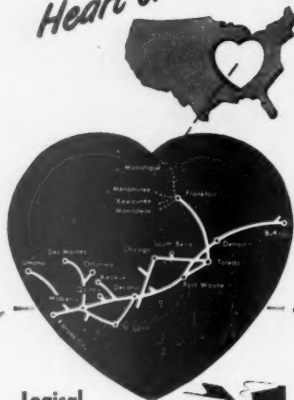
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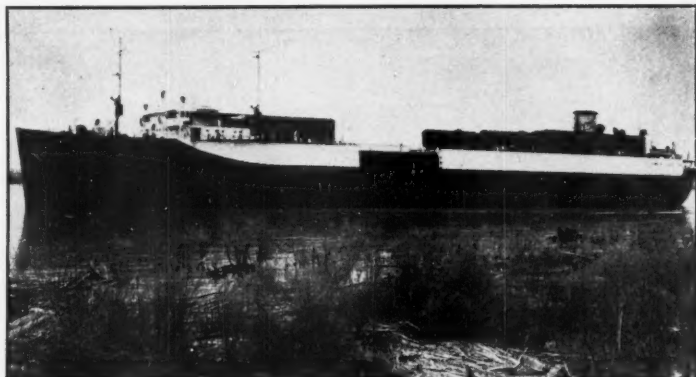
*Serving the
Heart of America!*

WABASH RAILROAD

SEATRAIN (continued from page 53)



10 Tug pushes a Seatrain ship from its dock out into the Hudson River. It will arrive at its Belle Chasse (La.) terminal in about five days, after a short stop at Havana



11 The ship moves up the Mississippi toward its Belle Chasse terminal, near New Orleans. Its cars will be unloaded onto the tracks of the Missouri Pacific R.R. to finish their trip



12 A freight car of the Chicago, Burlington & Quincy R.R. comes over the side at Belle Chasse. Cars can go direct from shipper to consignee without ever being unloaded

Squabble Ends

Seatrains Lines makes its peace with group of regular ship operators, after long-drawn-out battle over rates.

It's beginning to look as if Seatrain Lines, Inc., and the South Atlantic & Gulf-Havana Steamship Conference have really buried the hatchet. If that's true, it ends a turbulent chapter in the U. S. shipping business.

- **Conferences**—The conference is a group of steamship lines operating between Havana and ports on the South Atlantic Gulf coasts. Its main function is to set rates and regulations—exempt by law from antitrust action. (The North Atlantic-Havana Conference does the same for lines operating between Havana and North Atlantic ports.)

• **Loaded Cars**—Seatrain operates a fleet of five ships, each of which can carry 100 loaded freight cars (pictures). The ships run between New York, Havana, New Orleans, and Texas City.

Seatrains claims its service is faster—and cheaper, for many commodities—than all-rail shipment. For instance, the New York-New Orleans trip takes only five days—with a stop at Havana. The company also says it can send ears both faster and cheaper than conventional rail-water-rail transport. Reason: Almost all stevedoring is eliminated at both ports.

• **20 Years Old**—The first Seatrain ship sailed from New Orleans for Havana in 1929. Three years later, the company got a terminal in New York harbor. The terminal at Texas City was built in 1939.

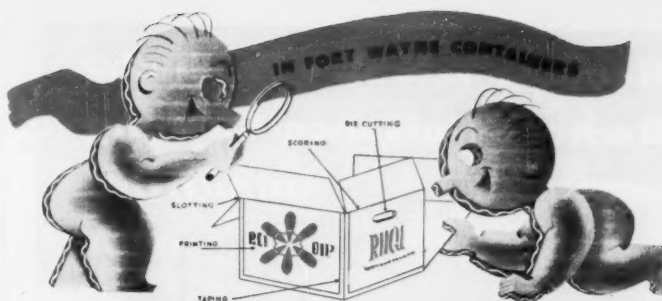
At first, the railroads didn't want to let Seatrains use their cars to compete with them for traffic between New York and the Gulf Coast. But the Interstate Commerce Commission ordered such an interchange; and the Supreme Court upheld the order (BW—Feb. 3 '45, p. 36).

The Seatrains were all taken over by the Army Transport Service during the war, and proved very useful. In 1942, for instance, "Seatrains Texas" rushed tanks to Montgomery in North Africa at the crucial time.

- **First Split**—At first, Seatrain was a member of both conferences. But in 1947, it pulled out. Its reason: certain Cuban regulations which, it felt, would keep it from observing all of the conference rules.

The breakup was all on a friendly basis, however. Seatrain said it would continue to abide by all the conference rules that it could. Specifically, it agreed it would do nothing to disturb existing rate relationships.

The conferences, in turn, agreed to



the little things add up **BIG**

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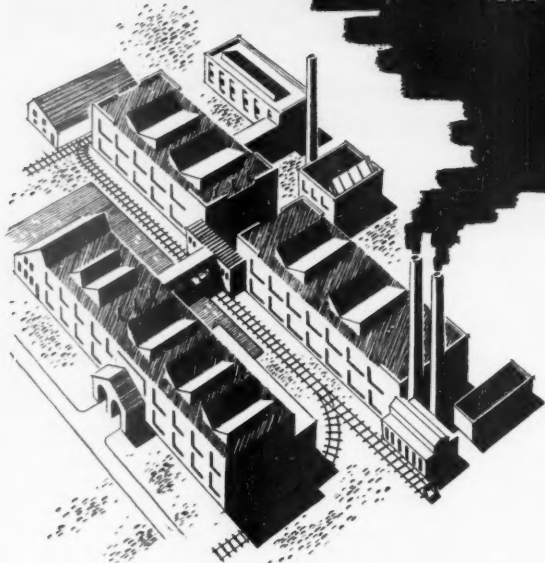
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let shippers who had exclusive contracts with them continue to ship via Seatrain without penalty. (Ordinarily, conferences charge such shippers higher rates when they don't use conference lines exclusively.)

• **Blowup**—Things went along fine for a while. Then the South Atlantic & Gulf conference decided to end Seatrain's privilege. Seatrain immediately hit back: It slashed rates between New Orleans and Havana by up to 50%.

A few days later one of the conference members—West India Fruit & Steamship Co.—filed a complaint against Seatrain with the Maritime Commission. West India operates a freight-car ferry between Havana and West Palm Beach, Fla. It doesn't load its ships by crane, as Seatrain does; instead, it switches the cars onto a single deck, in the same way that automobiles drive onto a ferry. It operates three of these ferries; each can carry about 26 cars.

West India alleged: (1) that Seatrain's rate cuts violated various sections of the 1916 shipping act; (2) that Seatrain was a "fighting ship" (in other words, that it was starting a rate war); and (3) that its new rates were unjustly discriminatory.

• **Court Action**—The Maritime Commission can't suspend rates in foreign trade. So West India's counsel, joined by the Commission's counsel, got a restraining injunction from the New York Federal court. That stopped Seatrain from keeping its new rates in effect until the whole issue was decided by the court.

At the same time that West India got its injunction against Seatrain, however, Seatrain got a cross-injunction against the South Atlantic-Gulf conference. This one stopped the conference from taking away Seatrain's privileged position with conference shippers.

• **Others Affected**—During all this litigation, one thing became clear: Seatrain and its rates affected a lot of people other than the ship operators. For example, New York, Baltimore, and Gulf port interests got into the court battle. So did the railroads serving West Palm Beach.

Reason: If Seatrain could keep its low rate from New Orleans to Havana, it would change the plans of midwestern U.S. firms who shipped to Cuba through North Atlantic ports or through West Palm Beach. They would ship through New Orleans, instead. Further, some northeastern companies couldn't compete for Cuban markets with midwestern firms, which could take advantage of the lower rate from New Orleans.

• **Peaceful Front**—These northeastern companies would have liked to see Seatrain cut its rates from New York to Havana, as it had from New Orleans to

EASIER ON THE EYES! EASIER TO THE TOUCH!



The new GRAY MAGIC ROYAL

At first glance, you know that here is something new and really different in typewriters.

Now, get closer. You'll see that the new gray tone, so soft and light-absorbing, banishes all glare.

Now rest your fingers on the new revolutionary keyboard! Feel how each key is shaped to the contour of the finger tips. How right! How natural! *And what comfort!*

Look over the list of new, improved features and you'll agree that *never* has there been such a typewriter as the new Gray Magic Royal. It's the newest, grandest of all office typewriters.



Brand-new look! Brand-new touch! And these grand new features!

Finger-Flow Keys—designed to cradle the finger tips, the Finger-Flow Keyboard gives greater clearance between rows of keys. And the touch that has made Royal the 2¼ to 1 favorite among typists is even lighter, faster—now, more than ever, the operator's dream touch!

Removable Cylinder—another bit of Gray Magic—another new Royal improvement. Single-handed, with the thumb and finger of the right hand, the cylinder can be removed to clean or change. A simple press and lift motion and it's out. No tool kits! No mechanics!

Clean Change Ribbon—This Royal exclusive permits swift, clean ribbon changing. The specially designed spool lets you slip the ribbon loop on without even removing the empty spool from its hub. No fuss—no

more inky fingers with this great Royal feature.

"Magic" Margin—Most magic Royal feature of all, "Magic" Margin sets the margin where it's wanted, at the flick of the finger. Just position the carriage, flick the lever and it's all set. No reaching from carriage to keyboard and back—no fumbling with margin stops.

Price Not Raised

When you check on the price of the new Gray Magic, you'll be pleasantly surprised. For in spite of all its new, advanced features, you pay no more for the Gray Magic Royal than for an ordinary typewriter.

Call a Royal representative *today!* Meet the magic of the new easy-writing Royal in your own office. See how it means happier typists . . . better, faster work.

The **NEW** GRAY MAGIC ROYAL

Made By The World's Largest Manufacturer Of Typewriters

"Magic" is a registered trade-mark of Royal Typewriter Company, Inc.



They found hidden **TREASURE** IN LITTLE TIN BOXES!

When the company put in a postage meter, all departments were asked to turn in their stocks of postage stamps. Although the firm isn't very large, the office manager was dumbfounded—and so was everybody else!—to find \$462.32 in stamps scattered around in desk drawers and stamp boxes.

Have you any idea how much company postage is unaccounted for in your offices... in loose adhesive stamps that can be lost, damaged or misused? A casual check might convince you of the economy, as well as efficiency, of a postage meter.

With a postage meter, you buy postage by having the meter set by the postoffice for any amount you want... and your postage is absolutely safe, cannot be lost, pilfered or misused... is automatically accounted for, recorded in visible registers.

Printing postage, as you need it, in any amount needed, for any kind of mail... is

far more satisfactory—than stocking and sticking stamps, and manual mailing!

The meter prints postage directly on the envelope, the exact postage needed... prints a dated postmark plus an optional small advertisement, and seals the envelope flap—all at the same time. And the meter prints on gummed postage tape for parcel post...

Metered mail is already cancelled and postmarked, requires less handling in the post office, often makes earlier trains and planes.

And whether you send out ten letters a day, or a thousand... find out now what a postage meter can do in your office by calling the nearest Pitney-Bowes office, or write for illustrated booklet, "So You Have No Mailing Problems?"



PITNEY-BOWES

Postage Meter

PITNEY-BOWES, Inc., 1488 Pacific Street, Stamford, Conn.
Originators of the postage meter... largest makers of mailing machines
... Offices in 93 cities in U. S. and Canada.



Havana. If Seatrain had done so, they would quickly have moved to its defense, instead of appearing against it in the court proceedings.

But Seatrain had no quarrel with the North Atlantic-Havana conference. So its rates from New York stayed put.

• **Claims and Counterclaims**—Seatrain said it had lowered its rates from New Orleans because it could well afford to. It said all the other lines running from New Orleans were also doing very well, and tried to prove this. But the company didn't make its own financial figures public.

Meanwhile, the other lines were out to prove that Seatrain was trying to drive them out of business. They said they weren't making all the money Seatrain said they were.

• **The End?**—Finally, both sides called off the rate battle early this year. They agreed to work toward a satisfactory long-term settlement. It looks as if they've just about reached one, too.

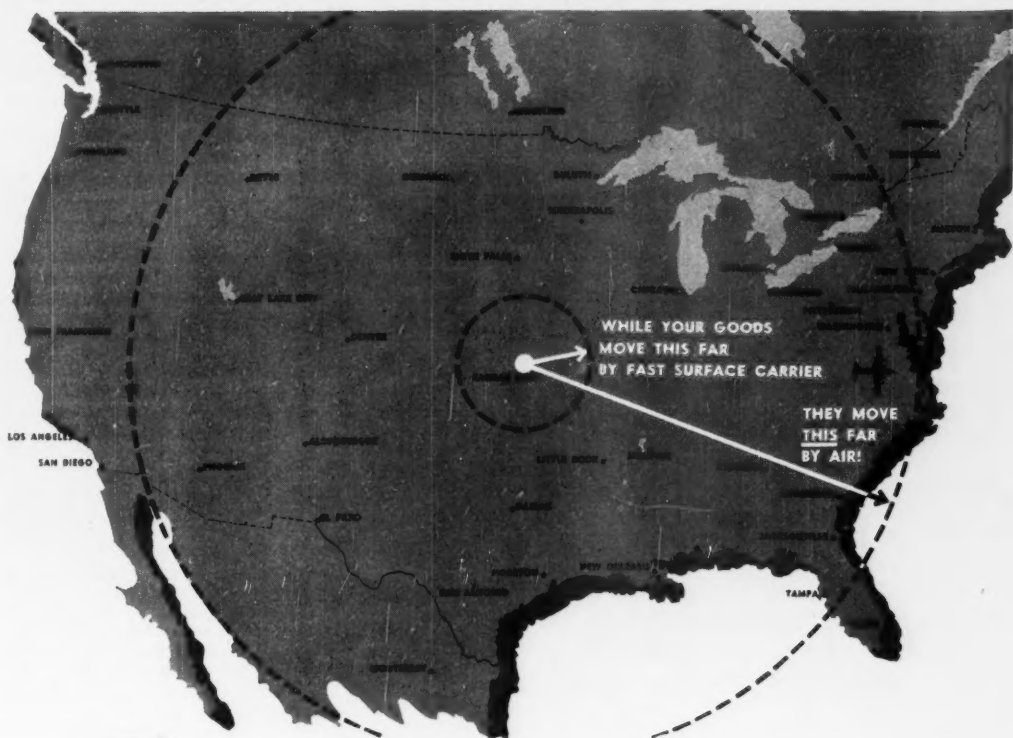
Both injunctions have been dropped. And relations are on just about the same amicable basis as they were before the whole squabble began.

• **Cuban Trouble**—Meanwhile, Seatrain is trying to do something about the Cuban regulations which caused the original breakup with the conference. It has asked the Maritime Commission to try to get the Cubans to relax regulations which require that all I.C.I. freight be unloaded at the dock for customs inspection. This wipes out much of the cost saving of the service.



Rail Fair on Again

The Indian village will again be part of the National Railroad Fair (BW—Jul. 31 '48, p. 22) when it reopens in Chicago on June 25. Here workmen put a porch roof on one of the buildings. The exhibit traces the history of 100 years of U. S. railroading.



The air is yours... use it to broaden your markets

Are you planning your sales for 1949? Do you want to widen your horizons? Reach out into new territories? Open up new markets?

You can — with air deliveries.

Ship by air, and you can compete anywhere. You save precious hours on short-haul shipments, whole days and even weeks on long-haul and overseas deliveries! This use of the air is one of the greatest new business-

building developments of the post-war era. It's growing fast as more and more businessmen discover its amazing versatility and surprising economy. Already three million ton-miles of air freight are moving every week.

The nearest airline representative will gladly give you details and show you which of the four great services — air freight, air express, air mail, or air parcel post — can best help you do the job.

UNITED AIRCRAFT *Corporation*

EAST HARTFORD, CONNECTICUT

Manufacturers of

PRATT & WHITNEY ENGINES ★ CHANCE VUGHT AIRPLANES
HAMILTON STANDARD PROPELLERS ★ SIKORSKY HELICOPTERS

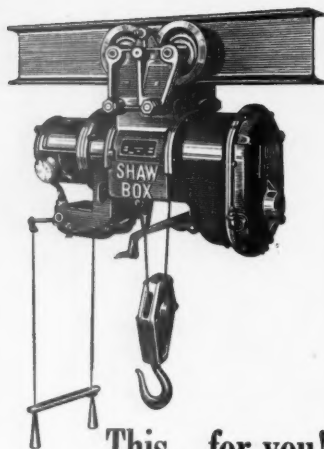
Air power is peace power, and the airlines are an important factor in American air power. United Aircraft supplies high-performance aviation equipment to every leading airline as well as to all our Armed Services.

AIR FREIGHT COSTS LESS THAN YOU MAY THINK

At typical air freight rates you can ship 100 pounds of general merchandise

FROM:	TO:	RATE:
Kansas City	New York	\$11.35
Los Angeles	Boston	26.00
Chicago	New Orleans	8.95
Dallas	San Antonio	3.55
Minneapolis	Seattle	14.20
Pittsburgh	Detroit	3.07

Many specific commodities are accepted at substantially lower rates.



This...for you!

YOU are sure *your* lifting problem is different—difficult—tough from every angle of installation, working conditions, and perhaps clock-round capacity loads.

Perhaps lifting is the keynote—the bottle-neck of production for you.

Install a 'Load-Lifter' with absolute confidence that it will do the job efficiently and at the lowest cost for lifting and maintenance.

Safety for load and man is certain. Special features, not found in their entirety in any other hoist, assure you of amazing endurance.

Enclosed ball-bearing motor, one-point lubrication (oil one place about every six months) safety upper stops and lower blocks . . . and so many others.

Give us your lifting problem! Our engineers, and the 'Load-Lifter' (or some combination) will solve them and provide the utmost economy in price, low cost lifting and complete satisfaction in service rendered.

'Load Lifter' Electric Hoists are built with lifting capacities of 500 to 40,000 lbs. in all combinations required for industrial needs. They are adaptable to almost every working condition within their capacities. Send for Catalog No. 215.



'LOAD LIFTER'
Hoists

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Show-Box' Cranes, 'Bodgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

British Jets Lead the Race

With long-haul Comet now in production, Britons challenge U. S. air-transport supremacy. Americans stand a chance—if they can get short-haul jets off the boards this year. Big hurdle: money.

The British and American race for the jet-transport market is heading for a showdown this year.

• **In the Lead**—The British now have a comfortable lead. Two of their experimental jet transports are already flying, and a third production model is well into construction.

U. S. aircraft manufacturers haven't been able to get their jet-transport designs off the drawing boards. Unless they begin building before the year's end, the British dream of recapturing the world's air-transport markets in the early 1950's may well come true.

• **Different Roads**—Manufacturers in the two countries are moving down separate lanes in jet-transport development. The British are pinning their hopes on the De Havilland Comet. It's a swept-wing, four-jet transport designed to make the London-New York crossing nonstop in six hours. This 30-to-40-passenger plane is aimed at the blue-ribbon, long-haul, luxury routes.

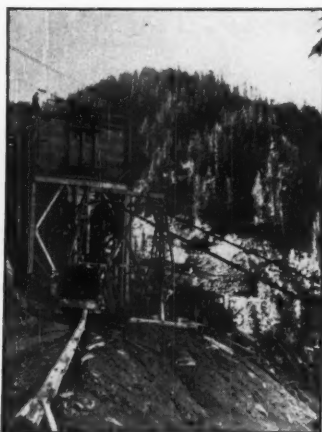
British Overseas Airways Corp. has 16 Comets on order. It plans to have them in service on the North Atlantic and African runs in 1952. De Havilland

salesmen are also promising Comet deliveries to South American customers that same year. To speed the Comet into service, De Havilland will skip the prototype; it has rushed straight into production.

• **U. S. Tack**—In contrast to the long-haul Comet, top U. S. transport manufacturers, Lockheed and Douglas, are trying to sell U. S. airlines this idea: a short-haul, twin-jet transport, cruising at 400 m.p.h. for fast interurban service over 400-700-mi. hops. U. S. engineers are leery of the high fares that may be required for break-even operations with jet.

By using a twin-jet on short hauls, manufacturers in this country believe they will give the airlines a money-maker rather than a loss-leader. They hope to keep on selling economically cruising, piston-powered transports for long-haul service. Only dissenter is Boeing; it has developed a four-jet transport design from its Stratojet bomber (transcontinental flight in 3 hrs. 46 min.). This plane is roughly comparable to the British Comet.

U. S. airlines are interested in the



Limestone Takes Aerial Trip From Quarry

Northwestern Portland Cement Co. needed a new limestone supply. It found enough to last a century only 2½ mi. away from its Grotto (Wash.) plant in the foothills of the Cascades. But the deposit was 3,100 ft. straight up, on an almost inaccessible ridge. So the company has strung an aerial tramway in two stages, linked up by a reloading

bunker left. Each drops about 1,100 ft.; a conveyor system takes over for the final lap. Buckets (with a capacity of five tons) ride on two sets of twin cables. The loaded buckets, descending on one set, counter-balance the empties going up on the other—and also generate electricity used at the cement plant. The trip takes 21 min. in all.

short-haul jet transport. At least one (United) has postponed buying new short-haul equipment till it sees what gives in the jet field.

• **Money Wanted**—Why haven't the U.S. jet-transport designs come off the drawing board and onto the airways? The answer is money—or lack of it. All U.S. manufacturers who ventured into the postwar commercial-airliner market lost millions on the try. They aren't keen about making the plunge into the jet-transport field with their own money. Cost of developing a jet airliner is estimated at around \$65-million.

To get around this, the U.S. government organized a group to study the need for government financing of new transport-prototype development. Sen. Edwin Johnson (D., Colo.), chairman of the Interstate & Foreign Commerce Committee, introduced legislation to put government financing behind airliner prototype development.

But the prototype group upset the applecart. It recommended a long-haul trans-Atlantic jet transport along British lines. U.S. manufacturers have now soured on the idea of building according to government specifications and have backed down from the Johnson bill.

• **Outlook**—Unless something breaks the financing bottleneck within the next six months, U.S. transport manufacturers stand little chance of overcoming the British lead. What they face is the loss of their present unchallenged supremacy in the international airliner market.

RAILROAD HITS BACK

Airlines that offer "aircoach" service have aimed their advertising arrows squarely at the railroads. And the barbs seem to have struck the mark.

The Great Northern Ry. has just taken advertising space in newspapers in Minneapolis, St. Paul, Spokane, and Seattle. Purpose: to throw a little cold water on the aircoach idea.

Title of the ad is "No Seats in the Baggage Car." "One airline's official tariff circular," the ad explains, "states that passengers will ride with cargo on 'coach' planes."

The ad goes on to point out that rail-coach travel is still cheaper than aircoach travel. And it emphasizes "The difference between a de luxe coach seat on the streamlined Empire Builder and the Oriental Limited [two Great Northern trains] and a collapsible seat in a passenger-cargo plane." The railroad also presents the comparison between first-class fares: A first-class seat in a plane, it says, costs more than first-class rail travel including a lower berth.

"It is the intent of this statement," the ad concludes, "to tell the traveling public the truth about air fares—that they are not now and never have been lower than railway fares."

Seconds instead of minutes!

That's the new standard of cure time in many applications when Plaskon Alkyd Molding Compound is used. The remarkably fast curing properties of this outstanding plastic make possible a new approach to compression molding, and enable higher production than ever before attained.

Advantages of this new Plaskon Alkyd are:

- ULTRA HIGH-SPEED MOLDING
- LOWER MOLDING PRESSURES
- SIMPLER, LESS BULKY MOLDS
- UNEXCELLED ARC RESISTANCE
- LIGHTER, MORE COMPACT PRESSES
- SUPERIOR DIMENSIONAL STABILITY
- HIGH SOLVENT AND CHEMICAL RESISTANCE
- EXCELLENT HEAT RESISTANCE

This new Plaskon material

is best adapted to small compact dies installed in fast-closing air- or hydraulic-operated presses... features which mean that manufacturers of plastic products can utilize less expensive equipment, and speed up the production of their molded goods.

Since the new material is recommended for electrical and industrial applications, it is available in the functional and color-code shades of brown and black and will be available in red, blue, yellow and green.



3/4" thick plastic form takes from 8 to 12 seconds to cure. Other pieces 1/4" or thicker will take about 30 to 80 seconds. No danger of over-curing; heat resistance of cured Plaskon Alkyd Molding Compound is greater than normal molding temperatures.

The New Fast-Curing Plastic Molding Compound

PLASKON ALKYD

makes possible a new approach to high-speed compression molding!

SERVICE

The many features of Plaskon® Alkyd Molding Compound may effect unusual economies or developments in your plant. An experienced Plaskon Service Engineer will give you complete technical details and arrange for a demonstration run in your, or your molder's, plant. Write or call us today.

©Reg. U. S. Pat. Off.

PLASKON DIVISION
Libbey-Owens-Ford Glass Co.
2119 Sylvan Ave., Toledo 6, Ohio
Canadian Agent: Canadian Industries, Ltd., Montreal, P. Q.
Manufacturers of Molding Compounds, Resin Gloses, Coating Resins

PLASKON
TRADE MARK REGISTERED
ALKYD

STAMPINGS and MUCH more at *Presteel!*

Plus values... specialized metal-working knowledge... outstanding facilities... check them:

- ☐ Sixty-six years of experience in metal craftsmanship.
- ☐ Engineering talent that anticipates "bugs" before production starts.
- ☐ Reliable raw material sources (including our own cold rolled steel mill) permit definite scheduling of your orders.
- ☐ Complete and versatile equipment... no schedule interruptions.
- ☐ Delivery of precision stamped metal parts **WHEN** you want them.

WORCESTER
Pressed **STEEL CO.**



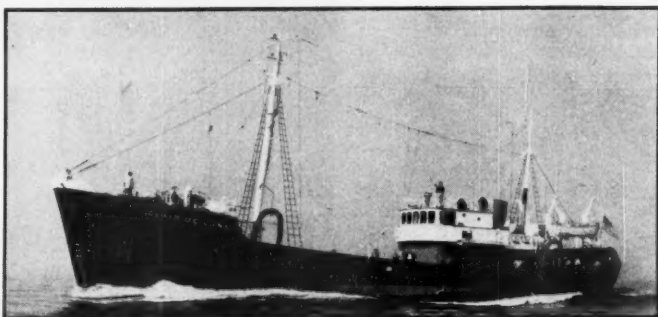
904 BARBER AVE.
WORCESTER 6, MASS.

★
Alloy Steels and other
Metals Cold Fashioned
Since 1883

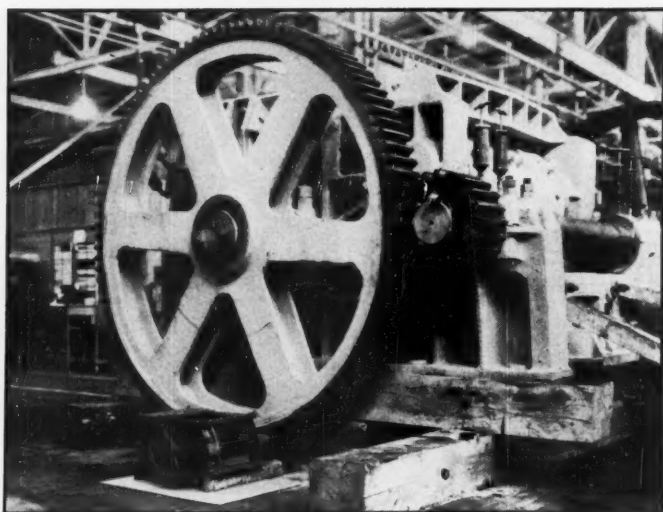
You gain many benefits at Presteel... this complete service organization works with you as an integral part of your plant... its facilities warrant your investigation.

Representatives in principal cities.

PRODUCTION



SHIPS, like this trawler, form the backbone of Bath Iron Works' operations, but...



ROCKCRUSHERS, large and small, are helping the company keep on even keel

B.I.W. Takes New Plunge

Famous New England shipbuilding firm finds rockcrushers a paying sideline to smooth out bumps in production schedule. At year-end, unfilled orders were over \$1-million; bigger market seen.

Shipbuilding has higher crests and deeper troughs than most businesses: A shipyard can get in a tough financial spot between orders.

One way out is to diversify. But diversification isn't an answer unless (1) the proposed product fits snugly into existing plant and machinery, and (2) company engineers can handle the new production problems.

• **Right Answer**—Bath Iron Works Corp., Bath, Me., had the same ups and downs other shipbuilders face. But it

now thinks it has found the right kind of diversification to make smooth going. One attempt—making vending machines—flopped. The machines cost too much to make, were too hard to sell. So Bath looked around for other possible products, thought even of textile machines. Finally it settled for rockcrushers. That gamble is paying off.

In February, 1947, Bath bought all outstanding stock of the Pennsylvania Crusher Co., along with various patents. Pennsylvania Crusher had no manufac-

turing facilities of its own; it depended on subcontractors. Bath set up the Bath Iron Works Mfg. Co. to take over the complete job from engineering to sales.

William Stark Newell, 71-year-old boss of Bath Iron Works, "engineered" the deal. He saw it as part and parcel of his basic philosophy of diversification: to buoy Bath Iron Works production through other manufacturing in which shipbuilding facilities and techniques would stand in good stead.

• **Expanded Plant**—The end of the war brought an abrupt and drastic drop in demand for B.I.W. ships—mainly combat craft for the Navy. But it also brought a chance to expand the company's plant. Bath Iron Works bought from the government the facilities added to its plant during the war.

This deal set up B.I.W. with two ways, two 25-ton revolving cranes, and a brick building that now houses its administrative offices. It also gave the company an important manufacturing layout in East Brunswick, just a few miles inland from Bath on U.S. Route 1. B.I.W. had been renting the East Brunswick (or Harding) plant before it bought it out. It consists of a large fabricating plant, a mold loft, together with one of the largest galvanizing plants in New England, and a warehouse.

Now B.I.W. had the setup. The pressing postwar question was what to do with it.

• **Early Postwar Jobs**—Shipbuilding, of course, didn't halt completely. There were still some jobs for the Navy. Among these was the work on the Epperson and the Robert A. Owens (BW—Jan. 11 '47, p. 21). The Epperson, towed to Bath from Kearney, N. J., as an unfinished destroyer escort in 1947, was delivered last month as a fully fitted Hunter-Killer Escort (DDE 719). The Bath-built Owens is again in the water undergoing some sea changes that will make it a Hunter-Killer (DDK 827).

A real boon for the shipworkers of Bath was an order from the French government for 32 diesel-powered fishing trawlers (picture, page 62). The last of the trawlers sailed for France on Feb. 25.

• **Uphill Work**—Another early postwar job was an order from a West Coast firm for 51,000 anchors. Bath delivered the anchors, but production proved to be a tough problem—too many sizes.

Meanwhile, B.I.W. was trying its hand at vending machines. It produced two types of soft-drink dispensers: one delivering the beverage in paper cups, the other in bottles. But it was no go. The vending-machine operation is now at a standstill. "It is unlikely," the company reports, "that another order for beverage vending machines will be accepted."

• **Success Story**—But crushers are another story.

B.I.W.'s report for 1948 says, "The

ASK
STOKES

How to SAVE on Labor... Material... Inventory

ALERT management today seeks more economical production, lower inventory, greater flexibility and ever lower cost.

Fully automatic plastics molding presses may well provide all of these important values... reduction in labor costs... economy in materials... low and controlled inventory.

One man attends 6 to 10 fully automatic molding presses... even the watchman can handle the night run.

The press uses the precise amount of material needed for the part... there is no waste. Inventory is held to a minimum... you mold as your market or production demands.

Authentic records of customers' costs show that Stokes automatic presses provide a wide variety of parts at remarkably low cost... savings as high as 75%... machines with molds often pay for themselves well within a year.

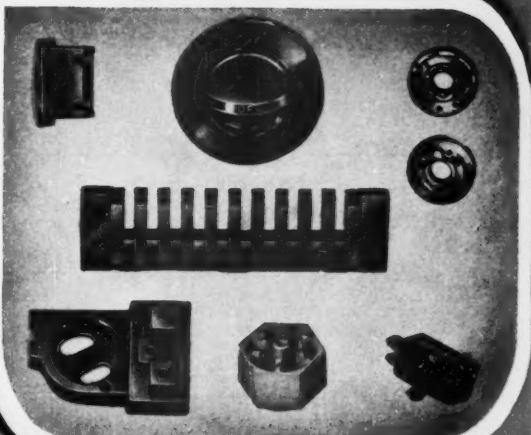
Send your parts or blue-prints for free analysis of adaptability to automatic molding.



F. J. Stokes Machine Co., 5956 Tabor Rd., Phila. 20., Pa.

Stokes makes Semi-Automatic and Automatic Molding Presses, Plunger Presses, Closure Presses, Preforming Presses, Industrial Tabletting and Powder Metal Presses, Vacuum and Special Processing equipment, Water Still and Special Machinery.

Typical
Plastic Parts
Molded on
Stokes
Completely
Automatic
Presses.



STOKES

KNOWS
HOW



Photo courtesy The Farm Quarterly

PLOWING- BACK

Builds for the future!

It's a Wise Farmer (or Oil Company)
who heeds this Truth!

DURING 1948, Socony-Vacuum plowed back \$201,000,000 into its business . . . \$68,000,000 more than the Company's net income for the year.

This money is providing a continuous source of crude oil supply, new refining facilities, additional pipelines, tankers, new research facilities, expanded warehouses, storage plants, etc.

And the American Public will benefit:

.. not only in increased supply of finest quality petroleum products to meet today's unprecedented demand, growing new needs and uses for oil
.. but also through employment, new

jobs for thousands of workers

.. and through helping to build a stronger Industry, increased oil potential for National Security!

For a great part of America's strength is the strength of her Industries—and none is more important than Petroleum.

As the Nation builds for a continually higher standard of living—for stability of employment—for peace and security—so must its industries *build for the future!*

Socony-Vacuum has planned and is carrying out just such a program—by “plowing back.”

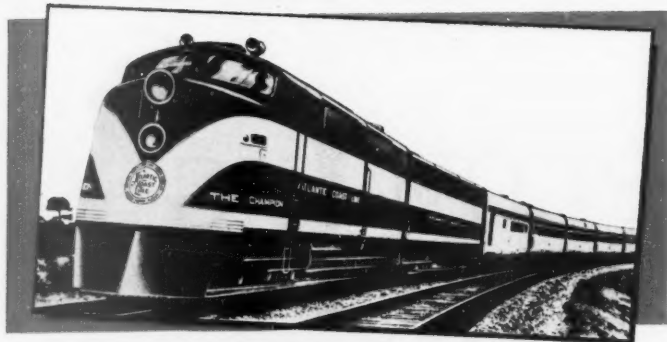
*The Sign the Nation Knows—
Builds
As the Nation Grows!*



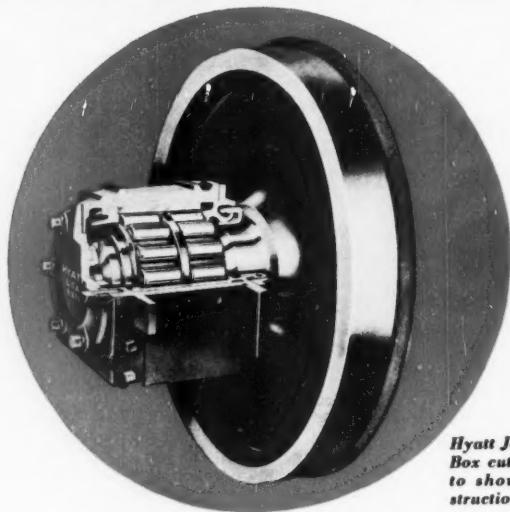
SOCONY-VACUUM OIL COMPANY, INC.

and Affiliates: MAGNOLIA PETROLEUM COMPANY, GENERAL PETROLEUM CORPORATION

S-O S-M-O-O-T-H



HYATTS OF COURSE



Hyatt Journal Box cut away to show construction.

There is hardly a section of the country which does not have its quota of famous name trains rolling along on Hyatt Roller Bearing Journal Boxes.

Typical of the Atlantic Coast Line fleet is The Champion running between New York and Florida.

Equipped with Hyatt Roller Bearing Journal Boxes, this train is

notable for its smooth roller-riding and extra-comfort which passengers enjoy.

Many Hyatt boxes have traveled three million miles without a major repair. We invite railroad officials to ask for more facts about Hyatt Journal Boxes. Hyatt Bearings Division, General Motors Corporation, Harrison, New Jersey.

HYATT ROLLER BEARINGS

Pennsylvania Crusher Co.'s contribution to the year's consolidated profits was satisfactory, while the experiment in the manufacture of beverage vending machines has resulted in a small loss.

It didn't take long to master the techniques of producing the Pennsylvania Crusher Co. line. B.I.W. executives say that costs were promptly brought down to the point where they were "definitely competitive." In fact, costs were out of line only when a particular type of machine was being produced for the first time—never thereafter.

• **Benefits**—Before long, an old trade name was reaping the benefits of modern management. Production schedules were set so that deliveries were made on time. Selling was systematized and advertising stepped up.

As of Dec. 31, 1948, Bath Iron Works reported that unfilled orders for crushing machines and parts totaled \$1,127,000. Alongside the company's \$68,989,000 in unfilled orders for ship construction, the crusher figure may not look so large. But it's a very important set of digits for B.I.W.

• **Prospects**—Moreover, B.I.W. management men feel that they haven't yet tapped their full market potential so far as crushers are concerned. Crusher users are found in a wide segment of industry—mining companies, power companies, and processors of ores and other minerals—so B.I.W. looks for a reasonably steady demand. The machines last a long time, but there is always a need for replacement parts. The company has put a lot of effort into building up an efficient service with such parts.

Besides, new uses open up as industries expand or undergo changes. Builders of crushers already have an eagle eye focused on the Mesabi iron range. The free ore there, that which can be scooped up with power shovels, will be exhausted before many years (BW—May 11'45,p19). The Mesabi will still be the nation's great iron repository, but most of the ore will have to be extracted from taconite, a ferrous rock.

There's where crushers come in. It looks like the biggest reduction job in history.

• **Jaw-Crusher**—Meanwhile, there are plenty of birds right at hand. B.I.W. is expanding its line of crushing machines. One thing that the Pennsylvania Crusher Co. list did not include was a jaw crusher. This unit—as its name implies—crunches rock or other material between two surfaces that come together like jaws.

B.I.W. looked into the matter, gleaned this tip: "There's no use making a jaw crusher unless you make one that can compete with the Kue-Ken's. The Kue-Ken's claim to fame rests on a design that provides "crushing without rubbing."

The upshot was that B.I.W. decided

to make the Kue-Ken instead of competing with it. It reached an agreement with Kue-Ken's maker, Straub Mfg. Co., Oakland, Calif., last fall. By its terms, Pennsylvania Crusher Co. acquired eastern manufacturing and sales rights, not only for the jaw crusher but also for the Kue-Ken gyratory crusher.

It all adds up to a plain fact: Bath Iron Works is now in the business of making crushers as well as ships. And Bath management is pretty keen about it. Patterns that are now being cut are expected to bring in new work next summer; advertising that is scheduled to break July 1 should help.

• **Ship Expansion**—But Bath ships are still building.

In his latest report, Newell observes, "Replacement of obsolete machinery continues to be a normal policy." When work now in progress is completed, the Bath yard will have three ways on which 500-ft. vessels can be constructed. There will still be the four smaller ways, which can handle destroyers of the size built up to now.

Whether the yard eventually settles for five ways for larger vessels, or for eight ways for smaller vessels, will depend on the trend in size-specifications that naval construction takes in the years ahead.

The Bath name means destroyers to most people. But B.I.W. will build just about anything that floats—so long as it is in its size range. A recent advertisement directed at the seafaring trade featured pictures of the cargo vessel Ex-

celler (11,750 tons displacement), which Bath built for American Export Lines. The ad listed in the company's production portfolio: destroyers, trawlers, tugs, ferryboats, yachts, cargo ships, Coast Guard patrol vessels, lighthouse tenders, and conversions.

• **The Bosses**—Heading up all the activity is Newell. Newell is probably one of the most active "retired" officials on record. He draws no pay for his services as B.I.W.'s president and board chairman. Officially, his retirement was announced early last year (BW-Jan. 11 '47, p. 21). But it meant simply that he began to draw retirement pay under an annuity plan. In every other sense, he's very much on the job.

With Newell at the helm are his son, John R. Newell, vice-president and J. William Schulze, vice-president, treasurer, and secretary.

Schulze, formerly executive assistant to the president of the Mergenthaler Linotype Co., joined the Newell management team early in 1945. Schulze had been one of the business managers of the New York World's Fair; earlier in his career, he had run his own metal-working plant in Providence.

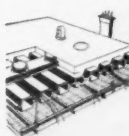
Archibald M. Main, executive vice-president who retired in 1947 (BW-Jan. 11 '47, p. 21), is vice-chairman of the board of directors. Main was in with Newell on the launching of the present B.I.W. in 1927-28, to revive shipbuilding in Bath. Their new project indicates that B.I.W. can launch more than ships.



The Office Manager just broke his lease!

It was a modern building all right—but its old-fashioned wiring couldn't keep up with its busy tenants. Wires from business machines, phones, and lights were strung high and low—just because the building didn't provide enough outlets.

Whether you build or rent, be sure the electrical supply system is adequate. General Electric Q-Floor Wiring provides the flexible system you need.



G-E Q-Floor Wiring and **Robertson Q-Floors** make the entire floor an electrical distribution system. Every Q-Floor cell is a raceway ready to take additional wiring and new outlets anywhere, at a moment's notice.

Robertson Q-Floors are manufactured only by the H. H. Robertson Company, Pittsburgh, Pa. For information, contact any H. H. Robertson or General Electric Construction Materials district office—or mail the coupon below and we'll send you complete details on the General Electric Q-Floor Wiring Systems.

GET THIS INFORMATION
FOR YOUR PLANNING
FILE!

Section C17-410
Construction Materials Department
General Electric Company,
Bridgeport 2, Connecticut

Please send me information on General Electric Q-Floor Wiring Systems.

Name Title

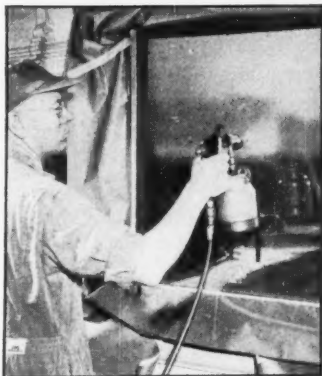
Company

Address

City Zone State

G-E Q-Floor Wiring

GENERAL ELECTRIC



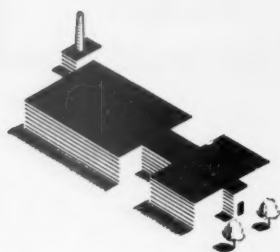
Summertime Glare-Killer . . . Peels Off in Winter

Sprayed plastic can reduce summer glare coming through factory windows and skylights. Minnesota Mining & Mfg. Co. calls the green-tinted stuff "3M" Sun-Stop Strip Coating. It's applied with spray gun or brush to the inner side of the glass, produces an effect that helps diffuse light. It dries "tack-free" in a few minutes, takes 24 hours to dry thoroughly.

You can strip the plastic film off easily, either by hand or by air blast. The coating is spread about one one-thousandth-of-an-inch thick; a gallon covers about 250 sq. ft. of window area. According to the St. Paul (Minn.) company, neither soap and water nor most window-cleaning compounds, will affect the film. The color, field tests show, is permanent.

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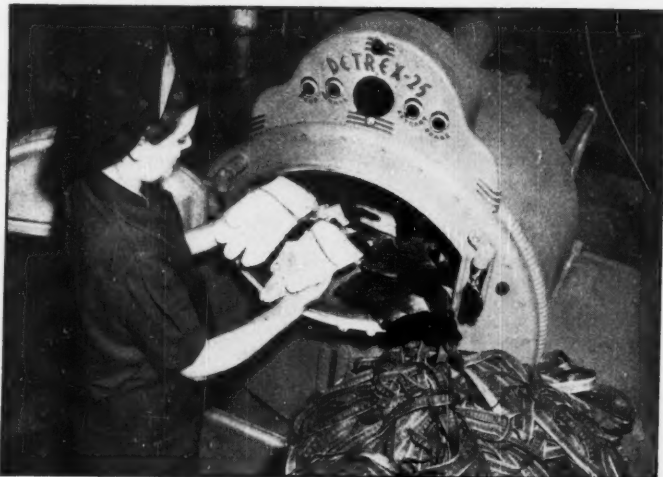
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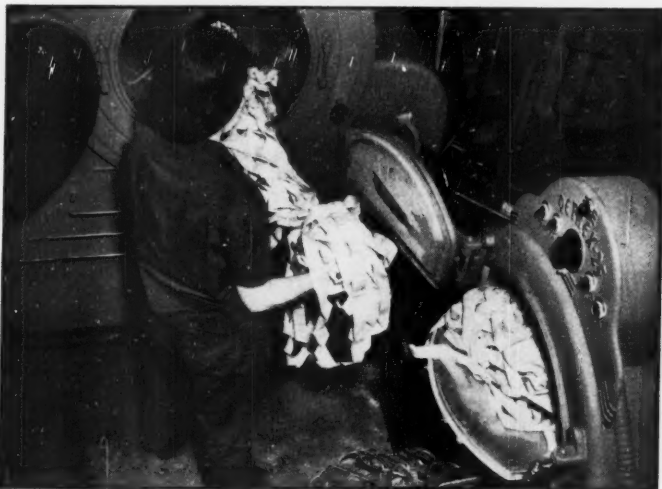
COLUMBIA

SOUTH CAROLINA

PICTURE REPORT



WORK GLOVES, once oil-soaked, come out soft and clean after in-the-plant drycleaning



POLISHING TAPES, after cleaning, are placed in spindryer, part of setup in which . . .

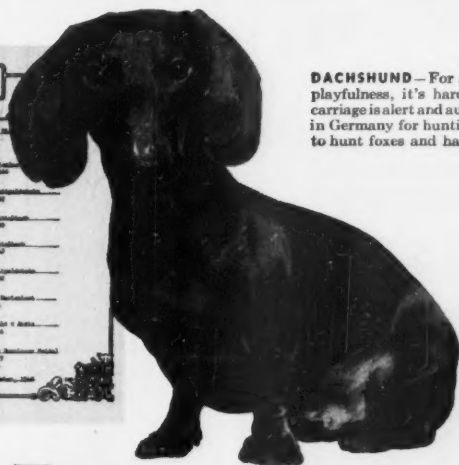
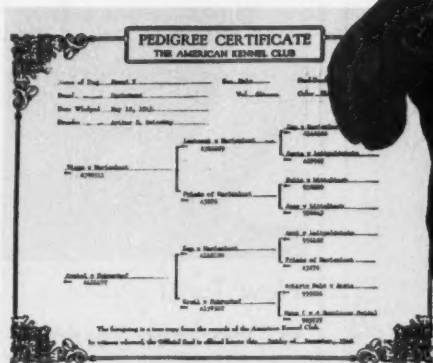
Bearing Plant Saves by Drycleaning

SKF Industries, Inc., maker of ball bearings, thinks it will save \$30,000 this year—by doing its own drycleaning.

The company uses about 15,000 reels of bearing-polishing tape, 1,700 work gloves, and 46,000 lb. of wiping rags a year. Replacement, or haphazard cleaning, costs money. So the company put in its own washing equipment: a drycleaning machine, an extractor, a settling tank for removing heavy particles from the solvent, and a solvent-recovery still. The equipment was made by Dextrex Corp., Detroit.

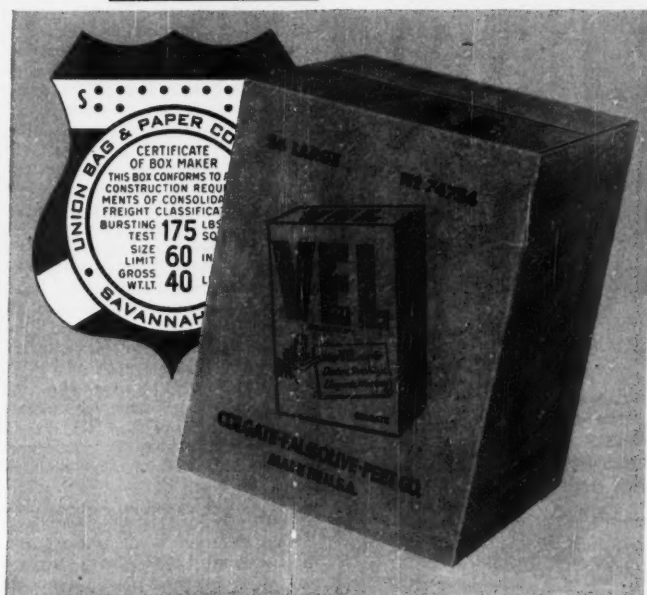
The cleaning equipment has a capacity of about 100 lb. per hr. Materials come out soft, dry, and odorless. Regular use, SKF says, will probably triple tape life and knock 90% off glove-cleaning costs—as well as do a better job. And it will also mean that about 60% of wiping rags can be salvaged. A big plus is that no special skills are required to operate the equipment; it's completely automatic. One use under consideration: drycleaning the lint-free smocks worn by girls who inspect and pack production bearings.

A Pedigree is a Promise of Quality



DACHSHUND—For affection, responsiveness and playfulness, it's hard to beat a dachshund. His carriage is alert and audacious. Originally developed in Germany for hunting badger, he can be trained to hunt foxes and hare, and track wounded deer.

In Boxes, Too.....



MAKERS of famous national brand products look for consistent quality, consistent service and fair price from their box suppliers. That's why Colgate-Palmolive-Peet ship Vel, the household detergent used by countless housewives, in Union Corrugated Containers...the boxes with a pedigree.

75 years of leadership in flexible packaging goes into Union boxes. Every step in the making, from timber to finished box, is quality-controlled by one management in America's largest pulp-to-container plant.

Tremendous forest resources, four modern box plants and five of the nine largest paper machines in the world make Union a dependable container source for any large volume shipper.

That's why, every month, more makers of famous brand products ship in Union boxes.

UNION Corrugated Containers

UNION BAG & Paper Corporation

Principal Offices: WOOLWORTH BLDG., NEW YORK 7, N. Y.

Corrugated Container Plants: SAVANNAH, GEORGIA • CHICAGO, ILLINOIS • TRENTON, NEW JERSEY

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DOWN FATIGUE



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ON THE JOB
MAKES ENERGY
ZOOM.



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IN ANY SETTING



NO WATER PIPES
HANDY? GET A G-E
BOTTLE COOLER.



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ONLY A FEW
CENTS A DAY.

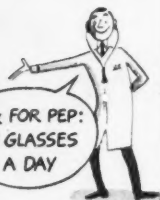


TAKES LESS
FLOOR SPACE THAN
YOUR OFFICE CHAIR.

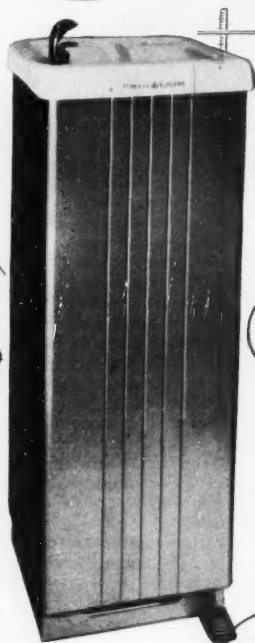


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QUIET SERVICE
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Rx FOR PEP:
7 GLASSES
A DAY



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CLIMBS, TOO, WITH
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AT "HOT SPOTS"



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PHONE FOR SURVEY. G-E Dealer (see "water coolers" in your Classified Directory) will survey drinking water needs in your plant, building, or office without obligation...For booklet write General Electric, Department BW 9, Bloomfield, N. J.



New Twist In Doorknob Testing

Even doorknobs have to go through operating tests. Such tests, although basically simple, take time to do manually. Occasionally a reject slips through. • **Test Machine**—Yale & Towne Mfg. Co., Stamford Division, makes a lot of doorknobs. They all must be tested. So company engineers worked out an electronically controlled test machine—to save time in testing, to insure a uniform test-grip on the knob, and to eliminate human error. Now all the operator has to do is load the knob on the square testing shaft; the machine does the rest.

Y. & T. knobs are made of two pressed-metal parts; if the top isn't joined correctly to the base, the knob won't turn the shaft. The machine checks that quickly.

• **How It Works**—The operator puts in a doorknob, and withdraws his hand. (An electric eye keeps the machine idle until his hand is out of the way.) Then pneumatic jaws (1) grip the knob, and (2) turn it to the right, then to the left, automatically. If the knob slips, and doesn't turn the test shaft, the machine kicks it into a "reject" box. If it doesn't slip, it is kicked into an "acceptance" box.

CHEMICAL ENCYCLOPEDIA

Next time you come across a jaw-breaking word that describes a chemical process, you can get quick help from the Encyclopedia of Chemical Technology. Volumes I and II of the proposed 10-volume set are now available; they take you from "abietic acid" to "carbon-arc." Volume III will be ready in a few weeks.

Interscience Publishers, Inc., 215 Fourth Ave., New York 3, N. Y., is putting out the series. Price: \$20 for each volume.

PRODUCTION BRIEFS

Day-Glo fluorescent coating materials will be marketed on a nationwide basis now that Switzer Bros., Inc., of Cleveland, has licensed Sherwin-Williams Co. to manufacture and sell the products.

Du Pont has reduced the prices on all its inorganic pigments containing lead 4¢ to 1¢ a lb. Reason: Recent cuts in lead prices (BW-Apr. 27/49, p25).

"Random Clear" is an Insulux glass block introduced by American Structural Products Co., Toledo, for decorative purposes. Blocks are meant to have the "cool, sparkling" look of melting ice. No two blocks in a 100-block panel are to be alike.

Du Mont has dropped the prices of its cathode-ray video tubes. The 12-in. screen costs \$7 less; the 12½-in., \$8 less. Responsible: increased efficiency on the production line, Du Mont says.

Treatise on Powdered Metallurgy, by Dr. Claus G. Goetzl, is the first in a series of three volumes rounding up current knowledge in the field. Interscience Publishers, Inc., says Vol. I can be used as an introductory text.

Oil cooler for jet engines uses aircraft fuel instead of air as a coolant. Air Research Mfg. Co., St. Louis, says that its development (1) increases cooling efficiency, (2) extends operating ranges, (3) eliminates the drag on planes caused by using air as a coolant.

By applying **Lanaset**—a melamine resin that controls fabric shrinkage—at lower temperatures, American Cyanamid Co. has found a way to use simpler equipment than previously. The company says that Lanaset applications don't affect the fabric's tensile strength, that they improve the "wash-fastness" of even delicate colors.

New testing equipment put out by the McCullough Tool Co., Los Angeles, makes it possible to make three consecutive tests in different zones of an oil well without removing the device.

"Bouncing" pipe lines are caused by high-pressure air and gas furnished through pumps, compressors, and blowers. "Snubbers" developed by Burgess-Manning Co., Libertyville, Ill., bring the pipes to a stand-still.

Television industry's increased demand for tungsten and chemical products has caused Sylvania Electric Products to increase manufacturing and warehousing facilities by a third at Towanda (Pa.).



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HUGE SAVINGS
in NOX-RUST
VAPOR WRAPPER**

The wrapping paper that prevents rust!

Delivered in perfect condition after shipping and storage... whether shipped to the Arctic or Tropics.

Requires no coatings—no hygroscopic or water-absorbing chemicals—not even complete sealing. Gives perfect rust and corrosion protection—no cleaning before use.

Revolutionizes the packaging of machined and finished steel parts. Simply Wrap—Ship—or Store.

The chemical impregnated in the NOX-RUST laminated wrapper vaporizes slowly, permeates throughout the package and covers every surface of the metal; is not consumed and has little tendency to escape. NOX-RUST Vapor Wrapper does not merely shield the metal from corrosive elements—it actually counteracts their harmful effects.

Cuts the cost of packaging—reduces time and labor—simplifies containers—keeps your product in perfect condition ready for instant use.

Write today for samples, prices and complete information. May be formed into envelopes or special containers or used as a laminate for containers.

The chemical used to impregnate NOX-RUST Vapor Wrapper is the result of five years of research by NOX-RUST laboratories and has no relation through license or otherwise with any similar product now on the market. It is not sold or licensed.

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NOX-SOUND Automotive
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Vapor Wrapper
Division
Chemically Impregnated
Paper

NEW PRODUCTS

Fly and Moth Killers

Two new types of aerosol products (aerosols use freon gas under pressure to dispense chemicals in a fine mist) are being made by Bridgeport Brass Co. (BW—Jan. 22 '49, p86). One is called "Surface Coat"; the other, "Mothproof." Both come in 12-oz. cans (like the same company's Good-Aire). The new products work the same way, too: with a slight pressure on the dispensing cap.

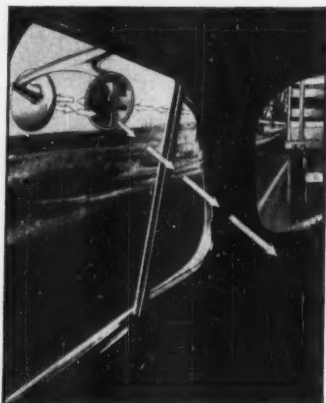
Surface Coat is described as a "residual" insecticide that can be sprayed on floors and in corners, and retains its strength for 60-90 days. The chemicals in it include 2% Chlordane, 3% DDT, and a special formulation that "excites" insects, literally causes them to come out looking for a quick death.

Mothproof has chemicals to do a two-way job: 10% du Pont Methoxychlor (a chemical that will kill larvae) and $\frac{1}{2}$ of 1% repellent, which discourages moths from laying eggs in your best Sunday suit.

The chemicals are suspended, in both products, in the freon gas. They are dispensed in a fine mist (aerosol) through a polyethylene feed-tube and a diaphragm valve made of Nylon. The control knob is also polyethylene.

Bridgeport has more aerosol products up its sleeve: a nasal spray, a deodorant, a suntan spray, a paint spray, a lacquer, but they aren't ready for market yet.

• Availability: immediate.



Forward Look for Cars

Passing a truck on the highway can mean trouble for the motorist if there's another car coming toward him in the other lane. The Passing-Eye is a double-mirrored accessory that tells the driver at a glance if it's safe to pull out and pass. He doesn't have to swerve out of his place behind the truck to take a look ahead.

The Passing-Eye mounts outside the driver's door, at the top. One mirror faces forward, to catch the reflection of oncoming traffic; the second mirror, which faces the rear, relays the image to the driver. Thus, a quick glance

into the second mirror tells the driver how things are up ahead. Both mirrors are adjustable.

The curved design and chrome-plate finish blend in with the stream-lining of the car itself. Each mirror has a weather-sealed back and edge, and is theft proof. The manufacturer is Passing-Eye Inc., Kenosha, Wis.

• Availability: immediate.

Automatic Washer

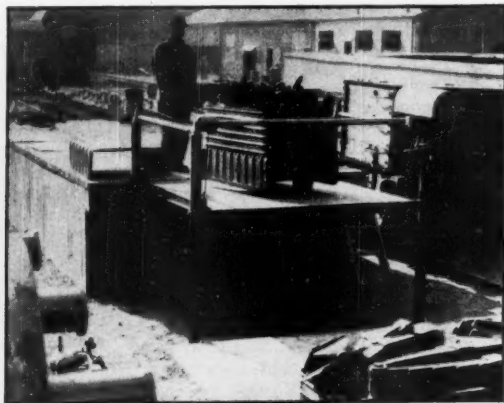
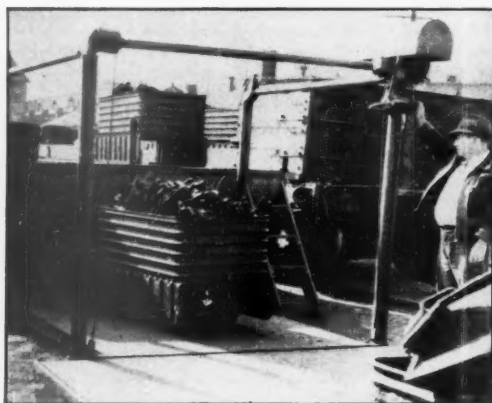
Maytag's first automatic washer has a spinning action and is loaded from the top. The washer runs through eight successive actions, will handle a batch of laundry in about 25 min.

Its white enamel exterior finish is resistant to all washing solutions. To make it easy for users to stand close to the machine, the company has recessed the bottom of the cabinet in front; a black toe board prevents scuffing. The entire machine measures 36 in. high, 25 in. wide, and 27 in. deep.

The manufacturer says that top-loading has two advantages: You can (1) load the machine without stooping or squatting, (2) add or remove garments during the washing cycle without the danger of spilling water and suds on the floor.

You set first a temperature control to "hot" or "warm," then a dial which automatically controls the length of the wash. During the cycle you can repeat or omit any action. All action stops when the lid of the washer is raised for any reason.

Upon completion of the "wash" or "rinse" operations, spinning removes



Motor-Driven Elevating Platform Replaces Loading Ramps

Service Caster & Truck Corp. has a replacement for expensive loading ramps: its "Leveler" elevated platform. This not only saves installation expenses but also cuts labor and maintenance

costs, its maker says. The Leveler raises materials to car-floor height.

The platform is 8 ft. long and 64 in. wide. A 1-hp. motor drives it. Peak capacity of the platform is 6,000 lb.

The device is particularly valuable for loading where space is tight and working crews are small. The company is at Albion, Mich.

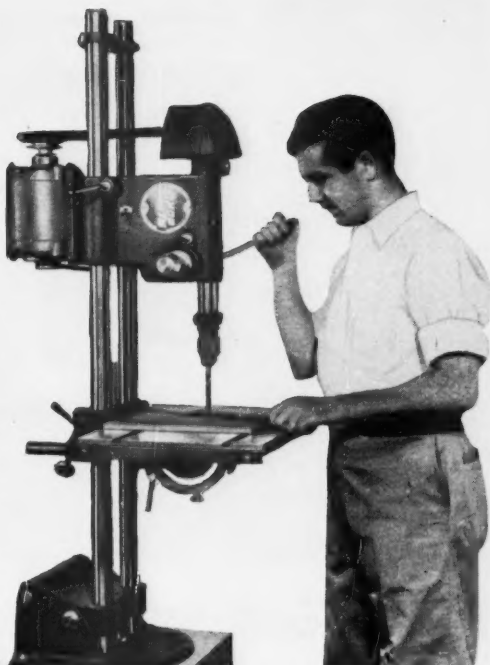
Availability: immediate.

A.O. Smith Builds ELECTRIC MOTORS

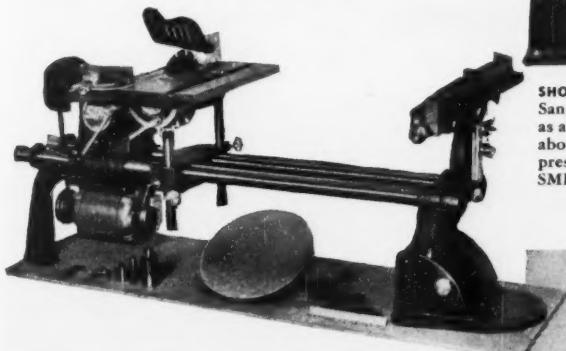
for hundreds of products including
the multi-purpose "Shopsmith"

A. O. Smith's research and engineering staff is at your disposal to help integrate motor design with product design to achieve the most efficient and economical operation. At A.O. Smith, research and engineering is itself a "big business." Out of its 75 years' experience have come the first pressed steel automobile frame ever built, the first heavy-coated welding electrode, the first glass-lined water heater tank, and many other new products serving a large number of industries.

Typical of the problems A. O. Smith has solved in engineering electric motors to fit product requirements is the special "Shopsmith" design developed for Magna Engineering Corp. A. O. Smith also extends its complete research and engineering facilities to other manufacturers seeking improved performance or requiring unusual characteristics in their component power equipment. SMITHway Electric Motors can be built either to your particular specifications or furnished in a full range of standard sizes.

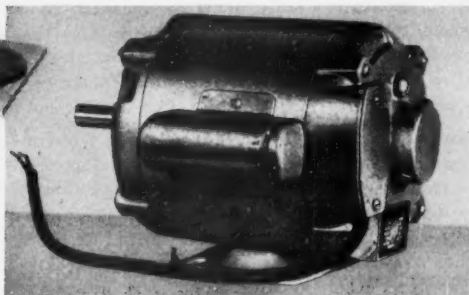


SHOPSMITH, product of Magna Engineering Corp., San Francisco, is a 5-in-1 shop tool that can be used (left) as an 8" saw, 12" disc sander, 34" lathe, and (as shown above) a 15" vertical drill press and as a horizontal drill press with no limit on work length. Powered with SMITHway Electric Motor.



SMITHway ELECTRIC MOTOR, shown here reversed from its mounted position on the "Shopsmith," is a capacitor-start, single-phase, 1/2 HP

motor, 1725 rpm, 115 volts. Double-shielded, prelubricated ball bearings, rolled steel frame, welded steel base for ceiling mount.



24-HOUR SERVICE, NATIONWIDE

The A. O. Smith Product Service Division provides fast, low-cost motor service to more than 200 authorized service stations, on a 24-hour, off-the-shelf basis. Factory Service Branches and Warehouses at Union, N.J., Chicago, and Los Angeles.



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Beauty Treatment in 9 seconds

Osborn Power Driven Brushes put smooth, satin finish on Hoover Electric Cleaner parts in just 9 seconds . . . cut unit cost.

YOU'RE looking at a fast-working 'beauty treatment' performed by Osborn Power Brushes on the metal "skin" of a Hoover Electric Cleaner Extension Tube.

Hoover, a leading manufacturer of fine vacuum cleaners and exponent of the triple-action cleaning principle—it beats . . . as it sweeps . . . as it cleans—uses Osborn Power Driven Brushes to produce the smooth, satin finish on extension tubes sup-

plied with its kit of cleaning tools.

Powered by a semi-automatic machine, eight Osborn 12" Monitor® Wire Brushes revolve at 1725 R.P.M., applying a rich, beautiful lustre to the extruded metal tubing in just 9 seconds! One set of brushes satin finish more than 200,000 tubes . . . after which they are used in another department to brush small castings by the off-hand method.

This is just one of hundreds of industrial applications in which longer-lasting Osborn Brushes are lowering production costs. Perhaps Osborn Power Driven Brushes can help you to greater savings through more efficient operation. Write—

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POWER DRIVEN BRUSHES • PAINT BRUSHES • MAINTENANCE BRUSHES

the water, soap, and loosened dirt. Heavier particles of insoluble dirt settle to the bottom; lighter bits of dirt pass over the top of the clothes after the spin cycle begins. The manufacturer is at Newton, Iowa.

• Availability: two weeks.



Clothes-Bagger

Clothing manufacturers and dry-cleaning establishments should be interested in Blessing Packaging Co.'s garment-wrapping machine. It seals a fresh paper wrapper around a garment in one operation.

The suit, dress, or coat is placed on the rack of the Bag-Maker, and the operator draws a paper sleeve down over the garment to the desired length. Then the machine cuts, folds, and seals the wrapper, and the operator removes the bagged garment from the rack.

The company says the operation offers savings by eliminating (1) wasted paper, and (2) unnecessary handling of bulky garments. Blessing Packaging Co. is at 502 Minnesota St., San Francisco 7.

• Availability: immediate.

P. S.

Wire-wheel brush made by Hewitt-Robins, Inc., has a vulcanized rubber hub. That, says the company, increases the life of the brush, provides greater safety for the operator. The company's address: 370 Lexington Ave., New York 17.

New hose coupling turns line pressure off automatically when you unhook the coupling, turns it back on when you hook up again. A twist of the wrist couples or uncouples a bayonet-pin type of joint; you don't have to tighten it or match threads. Blinks Mfg. Co., Chicago, says its coupling is especially adapted to paint-spraying systems.

"HERE'S JUST THE SPOT FOR YOUR PLANT"

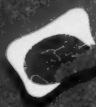
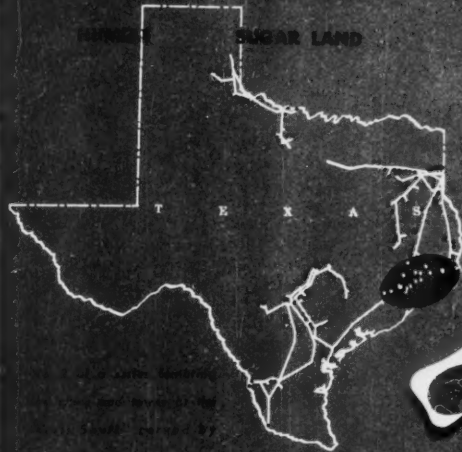


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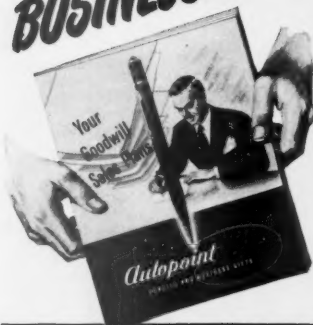
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One hand operation. Press selector button forward to choice of three blade lengths. No wobbly blade. In varied colors, barrel and rounded end in two contrasting colors. Constantly useful—constant reminder of YOU, carrying your name, slogan or trademark. Mail coupon for free booklet.

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New "Autopoint" Imprinted Pencil in modern, pocket-level style with rocker-action clip, and trim in silyonite finish. Opaque pyroxylin barrel in white or yellow—shows up your name, slogan or trademark beautifully. Finger grip in choice of colors. Delivers years and years of trouble-free writing. A proved sales producer. Mail coupon.

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Company Name.....
Street Address.....
City..... Zone..... State.....

CITIES



WORKING TOGETHER: Aubrey Neale (left), vice-president of the Coffeyville Chamber of Commerce, and Dr. J. E. Freeland, co-op president, have joined forces to boost . . .

Coffeyville's Co-op Angel

When Kansas town lost its big Sinclair refinery, businessmen backed the local co-op to plug the employment gap. Now business, farmers, and labor are all behind the move to make co-op grow.

Most businessmen take a dim view of cooperatives. But in Coffeyville, Kan., they have turned boosters. In the last couple of months they have helped the Coffeyville co-op, which up to then had been nothing spectacular, sign up 300 new members.

• **Loss**—The co-op's big chance came last December. Sinclair Refining Co. at that time started pulling out of its big Coffeyville refinery. It was expanding plants in Houston and Chicago.

• **Substitute**—But Sinclair was one of Coffeyville's big employers (about 550). Closing up the refinery left a hole. So business leaders started looking around for something to fill it up. They found what they wanted right at hand, in the local refinery of Consumers Cooperative Assn. That's the big midwestern co-op that operates in nine states, with its hub at Kansas City.

So Coffeyville bigwigs asked Howard A. Cowden, president of C.C.A., to come talk to them last February about what the prospects of the C.C.A. refinery were. He sold his audience on the idea that the Coffeyville co-op refinery had a future in petroleum products for the farm.

• **Business Boosters**—This was the spark the co-op needed. Business leaders got

behind a high-power drive to get new co-op members. In a single day they signed up 50. What's more, most of the new members are not only private businessmen, but also they are members of the local chamber of commerce.

• **Cooperative Trio**—C.C.A.'s local co-ops are typically farmer co-ops. But ever since the Coffeyville local started in 1944, it has had mainly a labor membership—workers in the C.C.A. refinery. Farmers held back.

Now that businessmen have joined hands with labor, farmers are coming in, too. So the local C.C.A. is gathering a three-way windfall.

• **Problem**—Its problem is how to make the most of it. Here's what it has in mind:

(1) To expand membership still more. With about 1,500 enrolled now, it has set its sights on 2,500 (about 1,000 from Coffeyville businessmen and general public, 1,000 from labor, 500 from farmers).

(2) To convert the new members into regular patrons, and to make C.C.A. service facilities attractive.

If the membership goal is won, the co-op hopes to get an average investment of \$100 a member (\$20 for a voting share, and \$80 in a certificate

of indebtedness). This would bring in the capital to go ahead with Point 2.

Plans call for a completely modern food store in downtown Coffeyville. The co-op has one, but it's outside the business district. Officials hope to set up a farm-supply store when the community is ready for it. Another project is to put on a third petroleum-products truck route—there are now two.

• **Cooperative Refinery Assn.**—Perhaps most important of all, C.C.A. wants to expand the refinery. It has equipment for making high-octane gasoline, but this has been idle since the war. The Cooperative Refinery Assn., a C.C.A. subsidiary that actually operates the refinery, now is thinking of putting the equipment to work. This would add about 100 workers to the payroll of 450, step production up to about 20,000 bbl. daily from the present 17,000 bbl. The cost would be about \$900,000.

Alaska Boosts Taxes On Salmon Industry

Alaska's absentee salmon industry long has been a political target. Now it has been hit.

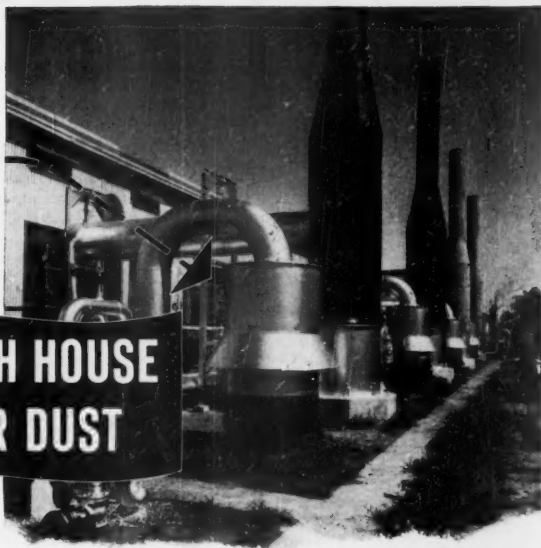
• **New Taxes**—Last month, the territorial legislature, seeking new revenue, lit into salmon. It adopted a series of measures designed to produce \$13.5-million this year and next. More than half would come from the salmon industry.

Packers have been trying to work out plans for the coming season. Last week they began to report that they would not open all their canneries this summer. How extensive the closings may be no one can tell as yet.

• **Big Increase**—The tax which salmon packers object to most is that on trap-caught fish. "Punitive" and "confiscatory" are common terms used. Formerly the first 100,000 caught in any one trap went tax-free; the remainder were taxed at 4¢ a fish. The 100,000 exemption gave packers a large enough allowance to "cut even" on the cost of setting up and operating a trap.

The new scale allows only 15,000 free. It levies a tax of 5¢ a fish for 15,000 to 50,000 caught, 10¢ on 50,000 to 100,000, and graduates up to 25¢ on all over 200,000 caught in one trap.

• **Purpose**—The legislature's idea appears to be to reserve the profitable salmon-fishing business for local people—particularly the Indians—rather than the outside interests which have been dominating it. Thus, last fall, Alaskan voters approved, by referendum, the gradual abolition of salmon traps over a ten-year period. With no more traps, of course, there will be more opportunity for local fishermen.



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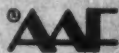
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READERS REPORT:

Another Urge to Merge

Sirs:

Your excellent treatment a few months ago of the reasons for mergers, or sales of businesses, or parts of businesses [BW—Sep. 4 '48, p. 25] did not cover one new and powerful influence. That is, the workings of the restrictive clauses in long-term loans which our businesses have secured from banks and insurance companies.

These loans often prohibit the directors from declaring dividends when working capital falls below a certain figure. The company may thus be well protected from undue splurging; but the stockholder can be hit. His dividends can stop, even when company earnings are good.

When earnings are good but dividends threatened by restrictive clauses, managements start to consider special measures. One is to convert part of the property into new cash. A large organization recently sold a division representing nearly a quarter of its volume. The management then announced that this sale had restored its working capital to a point where stockholders might hope for increased dividends.

The restrictive clause starts the cycle, but the sale of a division or of a specific asset does not always end it. Once the directors authorize negotiations on anything, it is very easy for the deal to work itself into a complete merger, with benefits to both parties. The writer believes that we will see more such developments spring from restrictive clauses.

G. E. CONKLING

G. E. CONKLING & STAFF,
EAST ORANGE, N. J.

Muskogee's Success

Sirs:

Your article on industrial foundations [BW—Apr. 9 '49, p. 30] states, in part, that the foundation in Muskogee, Okla., is 20 years old, has brought in just one new industry, and has boosted the city's annual payrolls by \$250,000. Actually, the Muskogee Industrial Foundation was incorporated for \$100,000 on Nov. 19, 1946, and thus is less than two and a half years old—not 20.

Already it has enabled Muskogee to obtain a new plant of the Container Corp. of America, and in addition has acquired ownership of two highly desirable industrial sites of 55 and 8 acres, respectively. Both tracts are on railroad trackage and are immediately available for locating new industries. With these achievements alone, the city in general, and foundation stockholders in particu-

lar, consider the foundation has served its purpose well.

The Muskogee Industrial Foundation financed a \$90,000 building for Container Corp. That plant is now in operation employing a minimum of 50 and maximum of 75 persons. The full \$90,000 was repaid by Container Corp. to the industrial fund after nine months, and that money is now invested in U. S. Savings Bonds—thus immediately available to help attract more industries.

But this is only a small part of Muskogee's real industrial growth in the past four years. Since the end of the war, the following have started operation here without any assistance from the industrial fund:

Brockway Glass Co., employing 225 persons; Corning Glass, employing 200 persons; Hyde Park Canning Co., employing maximum of 100 at height of season; Southern Couch & Mattress Co., employing 30; Greer Packing Co., employing 27; W. P. Milling Co., employing 20; Muskogee Sash & Door Co., employing 20; Pruitt pecan-shelling plant, employing 15; and a \$250,000 co-operative fertilizer plant now under construction to employ 50 when completed.

All these are exclusive of smaller enterprises and service businesses, and new retail establishments, large and small.

PAUL A. BRUNNER

SECRETARY-MANAGER,
CHAMBER OF COMMERCE,
MUSKOGEE, OKLA.

• We compliment Muskogee on its success in attracting new industry. We are glad to set the record straight, as is the Tulsa Chamber of Commerce, and we are sure. It was in the mass of statistics in the generally fine study of industrial foundations made for the Tulsa Chamber that 24½ appeared as 20.

Cooper-Bessemer

Sirs:

I should like to compliment you on your excellent story of the Cooper-Bessemer Corp. gas diesel [BW—Feb. 26 '49, p. 46]. However, two firsts credited to this firm are subject to doubt.

It is stated that by 1853 C. & G. Cooper Co. was producing the first steam locomotives west of the Alleghenies. W. B. Walton & Co. delivered their first locomotive to the Milwaukee & Waukesha R.R., now a part of the Chicago, Milwaukee, St. Paul & Pacific System, in 1852. This locomotive was built by Walton at Milwaukee. The Walton firm failed in the depression of 1857 and its patterns were purchased by E. P. Allis & Co., fore-

bearer of the present Allis-Chalmers Co. Again it is stated that in 1875 Cooper-Bessemer or its forebearer built the first steam tractor. J. I. Case of Racine belted a portable steam engine to its thresher in 1869 and by 1875 was marketing traction steam engines.

These facts are of interest to indicate how widespread the roots of our industrial development were a century ago.

F. F. BOWMAN, JR.

MADISON, WIS.

Pennsylvania Week

Sirs:

I wish to congratulate you upon a nice story about Pennsylvania Week—[BW—Feb. 26 '49, p. 40], also to add a little something to indicate how the germ of an idea expands. . . .

On my way home by automobile from Harrisburg one evening, where I had finished a busy week as Secretary of Commerce in Gov. Martin's cabinet, I fell to pondering whether service clubs, like Rotary, Lions, and Kiwanis, could be induced to present simultaneous programs over the state to emphasize that every one of our more than 10-million people had a part to play in making Pennsylvania better. Over the week end at home, this early seed began to germinate, and I wondered why a whole week could not be given to promotion of the state's interests, with the people in every city, every town, every crossroads taking the lead.

I outlined the scheme to Vincent Drayne, of Ketchum, MacLeod & Grove, Pittsburgh, our advertising agents. With George Ketchum, he took hold of the idea. Then it really expanded. This was in the winter of 1945-46. I took the matter to Gov. Martin and his entire cabinet. He favored, they favored. We found it expedient to set the first Pennsylvania Week date in September, 1946. We drew in schools, churches, newspapers, industry, Chambers of Commerce, radio, labor, everyone we could. . . . The governor told state employees of the plan, told them to go to work for it.

A big meeting was held to inaugurate the Week at the Forum, Harrisburg. Fred Waring toasted his home state in a big radio program. Several large stores in the state, notably Gimbel's, Philadelphia, Horne's in Pittsburgh among them, devoted whole batteries of windows to display of Pennsylvania-made products. Several industries held open house. And so on. The Week was a big success and set the stage for the two succeeding Weeks in 1947 and 1948. These were bigger yet, and 1949 will eclipse them all.

FLOYD CHALFANT

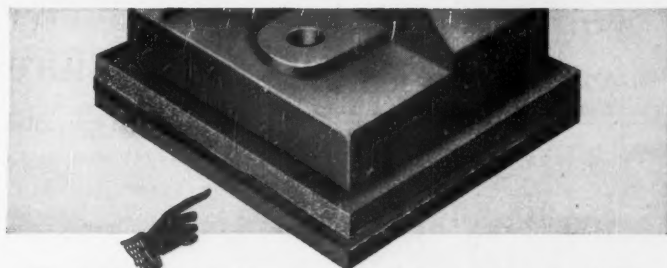
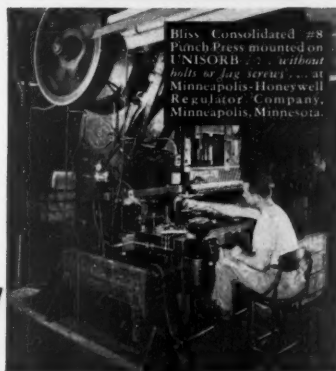
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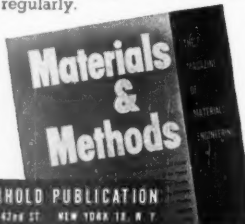
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What's all this talk about materials engineering?

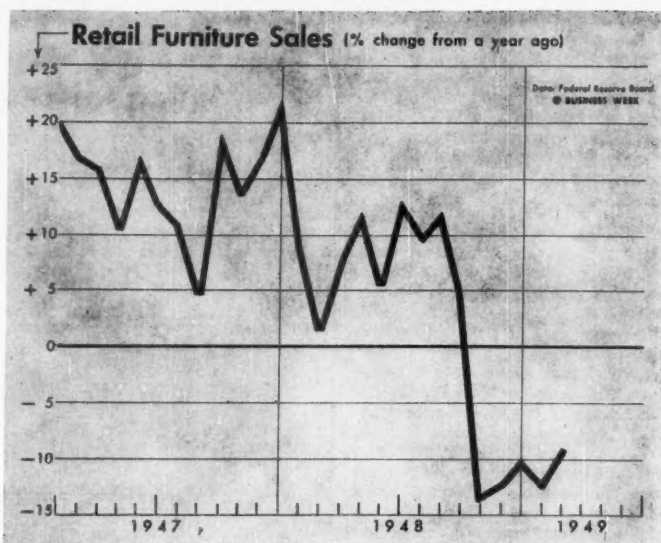
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MARKETING



Why Furniture Sales Slump

Dealers and consumers feel prices are still out of line, so they bide their time on orders. Case goods look farthest out of line. July market may step things up.

Furniture retailers are waiting for the other shoe to drop.

A lot of new medium-priced, better-value lines were presented at last January's market (BW—Jan. 15'49, p76). But dealers still feel the industry hasn't gone through the general price adjustment that has hit other products. Consumers share the feeling, too; furniture sales are in a decided slump (chart).

• **The Sag**—Federal Reserve Board figures for January and February show furniture-store sales down 10% to 12% from the same period a year ago. The National Retail Furniture Assn.'s estimates for the first three months of 1949 put dollar volume 15.8% behind last year. That means that March's showing must have been way off.

Furniture dealers feel that case goods (wood dining-room and bedroom furniture) are probably the farthest out of line pricewise. They were the danger spot at the last market; their price tags are still higher than most customers are willing to pay. Prices of upholstered living-room furniture, on the other hand, have already leveled out.

• **Cuts to Come**—Retailers expect new—and more widespread—revisions of price lines when next July's market

opens. Many manufacturers are retooling and redesigning their lines to place their products in the bigger-volume brackets. With modernized plants, new production techniques, and less expensive materials, they hope to turn out good products for less money.

Furniture merchants have already seen some limited price reduction by the manufacturers—but mainly on "closeout" lines. One primary source, a large bedroom furniture maker, has offered his discontinued stock at a 20% discount. Retailers say that this is the first closeout by a primary source involving a discount greater than 5% since before the war. And many secondary sources, which supply less desirable merchandise, are offering discounts as high as 35% on discontinued lines.

Here's another reason why retailers expect price cuts next July: Many manufacturers have notified them that samples of their new lines will be ready to look at by May 1 this year. Furniture makers haven't tried so hard to please department-store buyers since before the war.

Recent price cuts by leading carpet makers (BW—Apr. 9'49, p63) haven't

made dealers happy. They don't think the price trimming went far enough in light of the present market.

• **Spotty Picture**—There are some big regional differences in the first-quarter sales figures posted by furniture retailers. On the Pacific Coast, for example, where the boom had been biggest, sales are down 23%. Mid-Atlantic and Midwest states, however, made a better showing: Sales have been even or up a little in the Mid-Atlantic states; in the Midwest, sales are off only 8.5%.

The actual dip in the bed-sofa-table-chair sales isn't so bad as it looks. Appliances and floor coverings are figured in the total, and they have done some abnormal skidding. Through most of last year, sales in both these lines were abnormally high. They often made up as much as one-third of furniture retailers' volume; normally, they account for about 10% of sales.

Even though furniture lines have held up better than appliances and carpeting, they have their soft spots. Case goods and bedding have been two of the softest.

• **Hope and Blame**—Retailers hope for a normal spring pickup, especially in appliance sales, after Easter ready-to-wear buying is out of the way. They expect these spring sales to put them closer to last year's volume. Spring home building may also help sales; but it probably won't bolster totals any more than it did last year.

Furniture men blame the lack of buying interest this spring on: (1) reappearance of normal seasonal-buying patterns, (2) the catch-up with demand for new furniture and appliances, and (3) customer resistance to prices, and customer belief that lower prices are on the way.

Retailers in all parts of the country say that promotions on good-value products that are geared to their class of customers still pull sales—even when business is slowest. They've found, too, that quality lines, priced right, move better than low-end merchandise. This is especially true east of the Rockies.

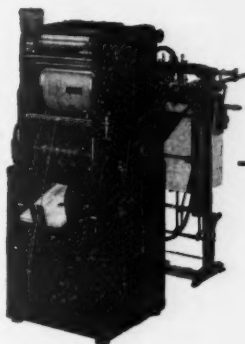
• **Inventories**—To keep volume up and trim heavy and unbalanced inventories, furniture stores this quarter have cut margins, taken smaller profits. Inventory figures reported to the N.R.F.A. at the beginning of April show stocks 7% under last year's figure.

Because of the cutback in inventories, the furniture makers' volume has skidded. New orders booked in February, according to Seidman & Seidman, furniture manufacturers' accountants, were down 22% from January, 1949, and 23% below February a year ago.

Except for buying to handle spring promotions and fill-ins, retailers expect to continue buying cautiously until the July market. By that time they hope that spring business will show them which way sales and prices are headed.

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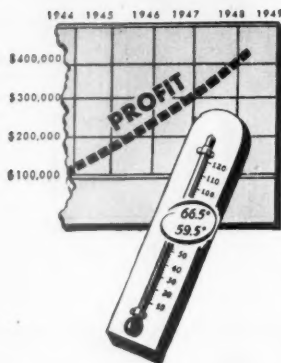
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South Carolina

WHERE RESOURCES AND MARKETS MEET

Furnace Market Opens Up

Better fuel-oil supplies and prices give buyers a free choice again between oil and coal. Makers of both types of furnaces fight hard for sales.

The end of the fuel-oil pinch has touched off a scramble for the domestic-furnace market.

Manufacturers of oil heaters and makers of coal furnaces both are scurrying after sales. Both have had their sales lines bolstered by price cuts in basic fuels. Fuel oil, which hit a peak of 13¢ a gal. early in 1948, is down to 11¢; many think it will drop to 10¢ a gal. by early fall. Wholesale anthracite coal prices, too, are off—about 75¢ to \$1 a ton at the retail level.

• **Optimism**—But the bigger share of optimism over sales prospects is on the oil men's side of the fence. Last week, A. E. Hess, director of the Oil Heat Institute of America, forecast a 12% to 15% rise in sales over last year's volume of 440,000 domestic oil burners. A lot of oil men go even farther. They look on 1948 as a five-month selling year because of the setbacks from the oil shortage. They see no reason why they shouldn't sell as many as 570,000 burners in 1949.

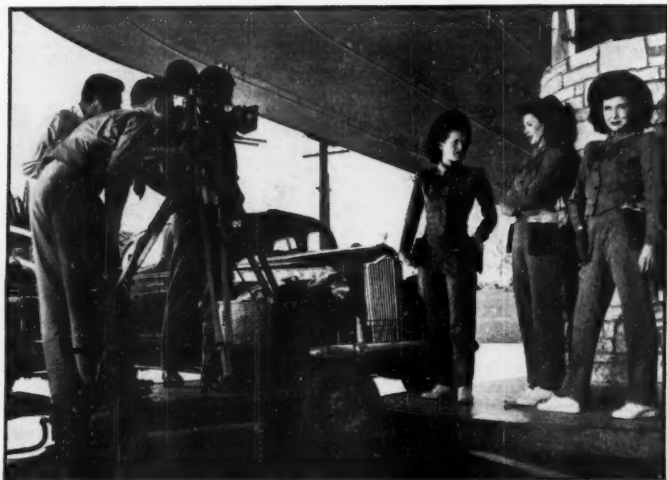
If this year's early sales are any indi-

cation, they are off to a flying start. Preliminary figures for January, which usually accounts for 4.6% of the year's total, show shipments of 26,200 units.

• **Complete Units**—This year, oil-burner dealers are out to sell a greater number of complete installations—instead of converting other types of furnaces to oil. A dealer makes about \$300 to \$350 on a new installation; he gets only about \$100 out of a conversion job.

In the last two years, the number of these complete installations has been on the upswing. Before the war, sales broke down into 80.5% conversion jobs, 19.5% complete furnaces and boilers. In 1948, the division was 68.9% conversions, 31.1% complete units. A lot of dealers though bought conversion burners and assembled them into complete units. If you count these, the score runs 17.6% conversions, 82.4% complete units.

• **Sales Push**—Manufacturers are doing their best to keep this upswing in motion. In New York this week, Williams Oil-O-Matic Division, Eureka-Williams



Films to Keep the Carhops Hopping

In Glendale, Calif., Robert C. Wian Enterprises, Inc., has gone "on location" to see if it can't keep carhops from job jumping. Wian operates six drive-in restaurants. During the war, turnover ran as high as 80% to 90% a week. It's much lower now, but still high enough to be a problem. That's why Wian decided to try a training film. It

will show the film to applicants who survive preliminary personnel screening, give them a chance to see whether they like the work or not. The movie depicts proper conduct and appearance, stresses the fact that a carhop's income (\$4,000 to \$5,000 a year) is greater than that of more than three-quarters of the people she serves.

Corp., gave dealers their first look at its 1949 line—the "Fifty Ten" low-pressure oil burner. When things were tight during the shortage, Williams (and other manufacturers) had to bank heavily on the replacement market (BW—Feb. 7'48, p. 48). Williams' campaign was so successful that its production stayed up well, compared with some of the competition. Now the company's plant has nearly doubled normal production turning out next season's models.

General Electric's Automatic Heating Division, Bloomfield, N. J., is another oil-furnace manufacturer who is plumping hard for next season's home-heating market. (G.E.'s heating division makes both oil and gas furnaces.)

Henry Brundage, division manager, says G.E. has zeroed in its sales attack on the estimated 800,000 new homes that will go up this year. As a start, it is supplying Levitt & Sons, New York builder, with 4,000 oil burners for new Levitt homes. It is also waiting for final O.K.'s on bids for other home-construction jobs.

• **Coal Men**—Coal-furnace manufacturers are frankly worried about the new competition. Until the change in the fuel-oil picture, their position was the strongest of all the furnace makers. Although some qualities of coal were in tight supply, no one was really hard-pressed for fuel.

In 1948, furnace manufacturers shipped 776,906 gravity and forced-warm-air units (coal, gas, and oil). Of the total, 397,911, or 51.2% were coal-fired furnaces. That was an increase of 15% over the number shipped in 1947.

Commerce Dept. figures show factory sales of 85,000 mechanical stokers in 1948. This was a rise of 24% over 1947, but a drop of 55% from 1946. Average monthly sales last year ran about 7,000 units, rising from a low of 2,853 in January to a peak of 14,157 units in September. Average monthly sales in 1947 were about 6,000 units.

• **Possible Slip**—Coal-burner sales could slip because of oil's improved outlook. If they do, Frank S. Hecox, vice-president of Iron Fireman Mfg. Co., figures the drop will probably come in the Atlantic-seaboard and southern-sales territories. In the Midwest and Rocky Mountain states, coal is the basic fuel, so there shouldn't be any slump there. Hecox expects a certain percentage of the domestic coal-burning market to shift to oil; commercial buyers will stick to coal. "We're watching the market," he says, "so we can shift where shifts may be necessary."

• **Gas**—Gas-furnace manufacturers are pretty much out of the sales scamper. Lack of line pipe has delayed the industry's expansion program by about 40 months. Five new pipelines are marking time waiting for materials.

H. Leigh Whitelaw, director of the

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Gas Appliance Manufacturers Assn., New York, summed up the current outlook: "Nationally, utilities won't lift restrictions on gas heating until new facilities now under construction are completed."

In Salt Lake City, Utah, gas appliance dealers got a stiff setback from the state Public Service Commission. It froze all new installations of gas appliance and heating equipment after July 1.

• **Way Out**—One possible solution to the gas men's dilemma is the dual-fuel burner developed by Mid-West Research Institute and the Gas Service Co., Kansas City. This furnace operates on either gas or oil, automatically shifts from one fuel to the other, depending upon load conditions.

Six companies are currently manufacturing the burner. The Gas Service Co. launched them in Kansas City last winter, says close to 1,400 have been installed.

Gas industry spokesmen say the combination oil-and-gas burners mean heating insurance for the consumer—and protection for the gas supplier during peak-load periods. Oil men think otherwise. Some doubt that oil dealers will bother with the small, high-overhead deliveries required by the two-fuel furnaces—unless, of course, they're not too busy.

Street & Smith Shifts From Pulp to Slicks

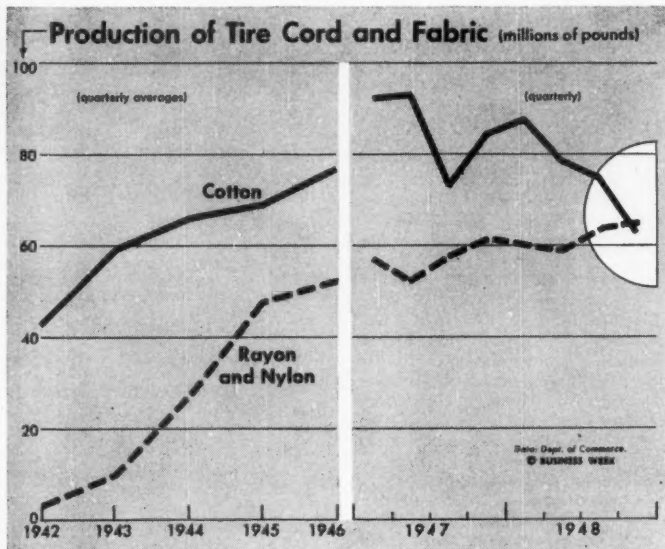
Street & Smith Publications, Inc., the country's oldest pulp-magazine house, is betting all its chips on slick-paper magazines. It is dropping its last four pulps and its last five comic books.

• **The Distaff Side**—The new move reflects the company's shift in emphasis from the male to the female market. Still left on Street & Smith's list: Mademoiselle, Mademoiselle's Living, and Charm, for the ladies; Air Trails Pictorial and Pic Sports Quarterly, still mainly for men.

Only one title, Astounding Science Fiction (also printed on slick paper), remains as a reminder of the blood-and-thunder magazines on which the company built its name.

• **Reasons**—Ormond V. Gould, a director of the company and a grandson of one of the founders, lists several reasons for the decision:

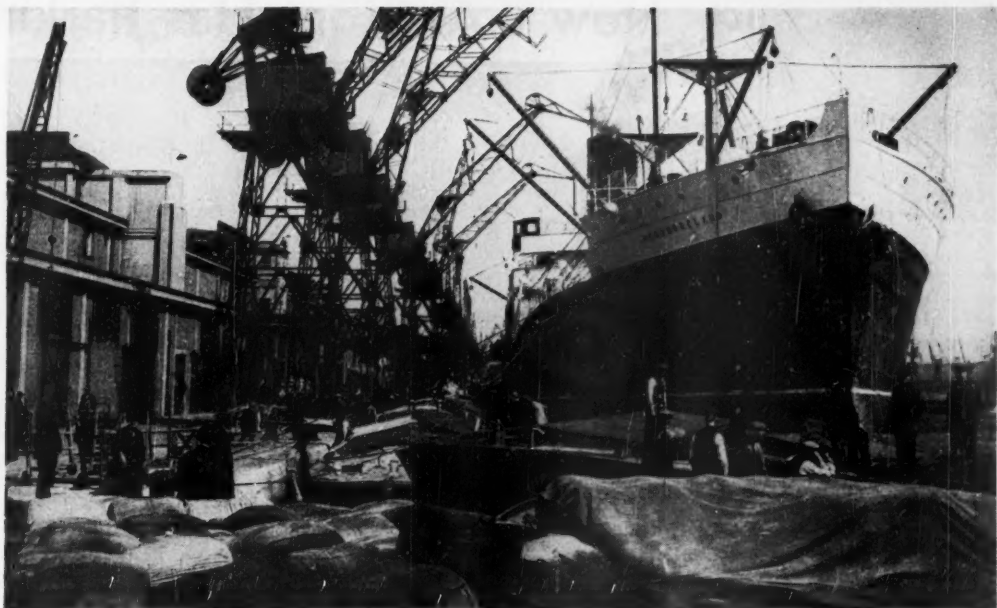
- Pulp and comic sales have dipped plenty since the end of World War II, because . . .
- Many former pulp and comic readers are sitting on the edge of their chairs, watching television, and . . .
- Reprint books, at 25¢ a copy, are absorbing a lot of former pulp-readers.



Cotton Tire-Cord Output Bows to Synthetics

For the first time, rayon and nylon tire-cord and fabric production has topped cotton tire-cord and fabric output—65.2 million lb. to 63.6-million lb. The turning point came in the last quarter of 1948. Actually,

the synthetic fabrics might have made a more dramatic showing. They owe their lead in the race not so much to the fact that they're running a little faster, as to the fact that cotton is running a lot slower.



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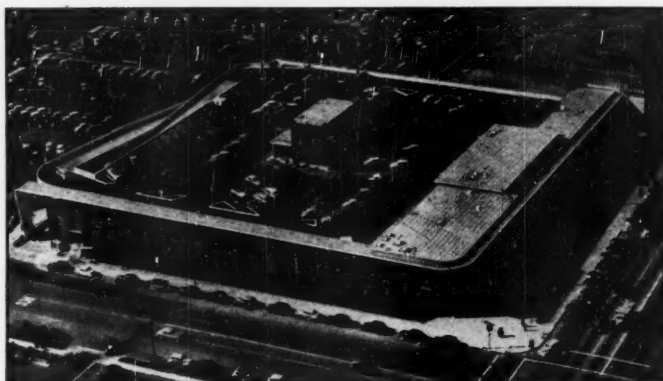


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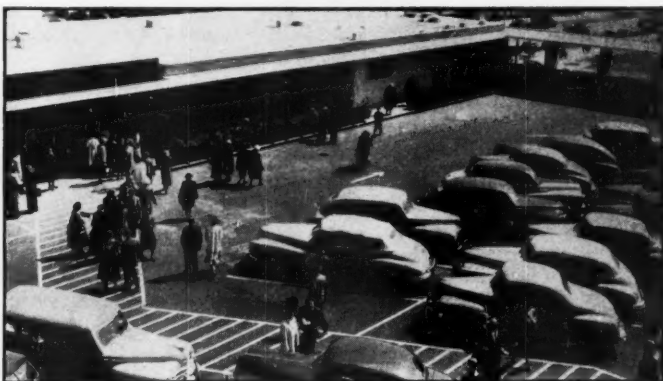
New L.A. Store Has Parking



AN UNCONVENTIONAL FACADE for an unconventional department store: Milliron's new branch in the Westchester section of Los Angeles puts all merchandise on one big main floor. Hutlike show windows are placed at angle to catch passing motorists' eyes



THE STORE'S ROOF provides parking space for 220 automobiles. Customers ride an electric stairway down to the shopping floor. (A next-door parking lot has space for 3,600 more cars.) Two ramps, one each for up and down traffic, provide access to the roof



PENTHOUSE SHOPS on the roof include a restaurant, a beauty shop, and a playroom for junior while mama's inside. There's an auditorium on the roof level, too

g lot on Roof

Milliron's suburban branch is all on one floor. Cost: \$14 a sq. ft. Different color schemes distinguish main departments.

First-floor merchandise in most department stores consists of "traffic" items—stockings, neckties, 50¢ scatter pins, cosmetics. But in Milliron's new branch store in the Westchester section of Los Angeles, everything is a main-floor item—for the new structure has only one merchandise floor.

• **Big**—There are 117,500 sq. ft. of usable sales space on that one floor, however. And on the roof of the new \$3-million building, the store has provided parking space for 220 cars. A parking lot next door accommodates another 3,600.

Customers are guided to the proper department by a simple color scheme. The "blue store," for instance, sells furniture and appliances; the "green store" handles men's and children's apparel. Women's wear can be bought in the "rose store"; household goods in the "yellow store." And a center concourse, in gray, offers conventional first-floor merchandise.

• **Pylons**—The store has few partitions, since the color treatment does the job of separation. There are six huge "pylons" to support the parking roof and its fringe of penthouses.

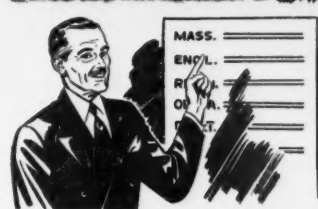
Inside each pylon is a main floor and a mezzanine. These contain the forward stockrooms, fitting rooms, credit office, and buyers' and store manager's offices. Service facilities are placed around the building's perimeter.

• **Potential**—According to J. W. Milliron, vice-president and sales manager, the new store can handle some \$15-million of business annually. His public estimate of the first year's volume is pretty elastic: between \$3-million and \$12-million. But he does say that, thus far, sales are running 2½ times ahead of his personal, unpublicized guesses.

Victor Gruen (of the Pacific Coast architectural firm of Gruen & Krummeck) designed the store. It is the first branch that L. A.'s 43-year-old Milliron's has sprouted.

• **Cost**—Building cost was about \$9 a sq. ft.; fixtures cost another \$5 a sq. ft. Milliron's considers that it got a bargain: a department store of conventional design would have cost in the neighborhood of \$25 a sq. ft. at present price levels.

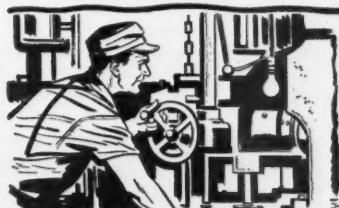
Besides its other unique features, Milliron's claims this additional distinction: It's the only one-story building in the U.S. with an electric stairway.



"The most recent 9 year average shows that Massachusetts loses less time per worker due to strikes than any other of the ten leading industrial states!"



"This is a real tribute to labor's cooperation and reasonableness...the state's progressive legislation...the good faith of labor-management collective bargaining."



"As for skill...just as STERLING means excellence in silver—YANKEE CRAFTSMAN symbolizes excellence in mechanical ability. The Bay State has workers skilled in every trade of modern industry."



"Women, with their extraordinary talent for semi-skilled 'detail work', offer you highly efficient mass production for small part assembly, delicate items, repetitive tasks."



"Massachusetts can furnish trained workers in every category—executives, clerical help, salesmen—everyone you need to keep your 'paper work' going smoothly, your plant at top efficiency."

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- 3 NEARNESS TO MAJOR MARKETS

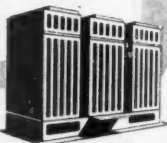


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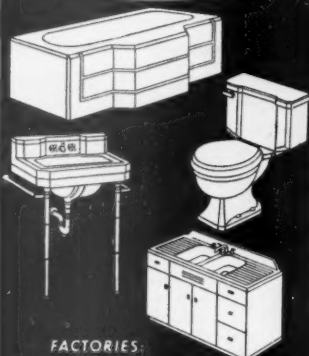
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MARKETING BRIEFS

Price cuts by G.E. on seven radio-phonograph combinations range from \$15 to \$90. Biggest slash: \$259.50 to \$169.50.

Mail-order and chain-store sales were \$774.7-million in March, a drop of 9.8% from last March. A New York Times tabulation also puts total sales for the first three months of 1949 at \$2.1-billion. Same period last year they came to \$2.2-billion.

Though radio sets still lead in units, video receivers now account for more than half of manufacturers' total dollar sales. M. F. Balcom, president of the Radio Manufacturers Assn., says TV sets passed the halfway mark in January.

Newsprint production in North America during the first three months of 1949 came to 122,959 tons. That's an 8.9% improvement over last year, according to the Newsprint Service Bureau.

Buyer resistance has forced Bell Aircraft to slash the price of its new three-passenger helicopter from \$39,500 to \$23,500. Bell had previously upped the price from \$25,000.

Merger of Jacksonville's Foremost Dairies with Maxson Foods System of Long Island, N. Y., gives Foremost a wider

distribution. Maxson supplies its frozen-food line to some 4,000 New York City dealers, 3,000 more outside. Up to now, Foremost's distribution has been confined mostly to dairy outlets.

Rattle in baby-powder cans is Mennen Co.'s latest idea. The 9-oz. can retails for 53¢, 4¢ more than an ordinary 9-oz. container.

Don't commercialize TV programs in schools, New Orleans dealers have been warned by their association. Some dealers who have loaned sets for school use have been running quizzes afterwards. Top students win "special awards"; i.e., cut rates on TV sets if purchased within 90 days.

Noisy popcorn eaters are the cause of a bill to ban the sale of popcorn and peanuts in Oregon movie houses. But Ted R. Gamble, board chairman of the Theater Owners of America, says small theaters will lose money if they can't sell popcorn.

Potato consumption, on a per capita basis, is on the decline. So the United Fresh Fruit & Vegetable Assn. is starting a \$100,000 revolving fund for national advertising and promotion.

Steel buyers want the mills to go back to some prewar marketing practices. The National Assn. of Purchasing Agents would like to axe escalator clauses in contracts and to shorten the period necessary for advance ordering.

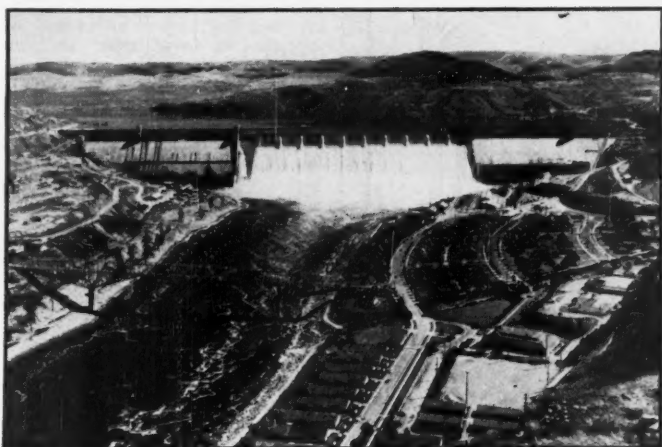


Retail Federation's New Chairman

Stanley Marcus (center) has taken the gavel as chairman of the board of trustees of the American Retail Federation. Marcus is executive vice-president of Neiman-Marcus Co., swank Dallas specialty store. He has

served his firm since 1926, has won fame for his innovations in styling and fashions. Here he talks over the federation's program with retiring chairman Jerome M. Ney (left) and president Rowland Jones, Jr.

REGIONS



GRAND COULEE'S power revenues are eyed by proponents of . . .

A TVA for the Columbia Valley

The Truman-backed Mitchell-Jackson bill would set up a Columbia Valley Administration with wide controls over power. But it won't get through this session of Congress.

This isn't an encouraging year for backers of federal river-valley authorities. For some months the Missouri Valley Authority plan has been stalled in its tracks (BW—Feb. 25 '49, p. 28). Now the sponsors of the Columbia River Administration admit privately that any action on their project is at least a year off.

President Truman's long-awaited bill to establish a Columbia valley authority on the order of the Tennessee Valley Authority finally reached Congress on Apr. 14. It was presented by two Washington state representatives—Hugh B. Mitchell and Henry M. Jackson. It then went to the House Public Works Committee—and despite Truman's help, that's probably where it's going to stay for a while.

• **"Obvious Limits"**—In a special message to Congress, the President gave credit to existing federal agencies that have been developing the Northwest. But, he pointed out, there are "obvious limits" in trying to control the Columbia and other great river basins through federal interagency committees. "None of the representatives of the several departments and agencies concerned," he said, "is responsible for an over-all view of all the resources of an area."

Truman might have made a case in point had he wished. Only a few months ago he spanked the Army Engineers and the Bureau of Reclamation publicly,

ordered them to quit squabbling over who will build what in the Columbia River basin (BW—Dec. 4 '48, p. 16).

• **Public Opinion**—Northwesterners see a case for unified control over the Columbia. They are only too aware of the river's rampages, particularly since the disastrous flood of last year (BW—Jun. 26 '48, p. 20). They are also irritated by the Northwest's chronic shortages of electric power (BW—Jan. 29 '49, p. 23).

Even so, public opinion in the region is by no means solid behind CVA. Labor unions, the National Grange, and the Farmers' Union are the only groups firmly backing the plan. Its enemies include the governors of Oregon, Washington, and Idaho; most of the region's press; the Farm Bureau; chambers of commerce; most businessmen. So CVA's more realistic backers are now planning a tub-thumping promotional program this year to work up grassroots sentiment for legislation in 1950.

• **Little Help**—Congress is in no mood to back the project. It's not inclined to start any big new public works projects. This sentiment will be rallied by a group that doesn't want the Army Engineers and other existing agencies thrown out of the Northwest.

Despite his feelings on the subject, Truman won't be able to give the backers of CVA much more help this session of Congress. He has to give priority to



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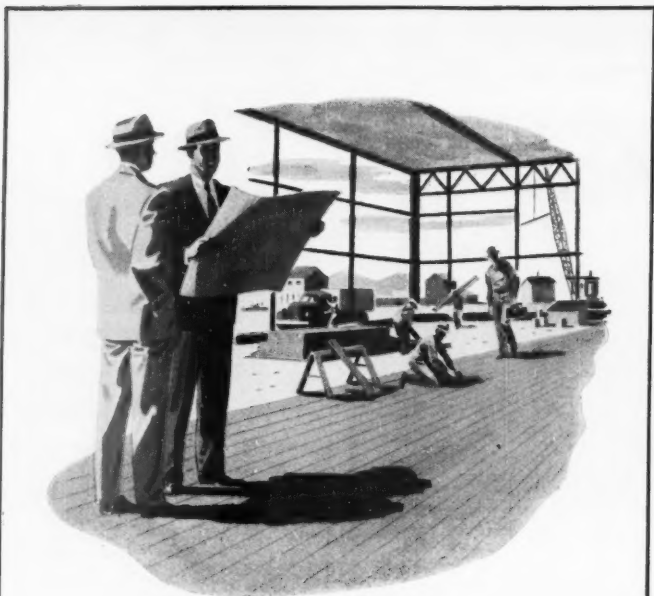
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other matters, such as the North Atlantic Pact and the new labor law. Significantly enough, at his press conference after the message on CVA, Truman said that he was not in favor of legislation on the Missouri Valley Authority at this time. He has already endorsed the MVA concept, but thinks a bill to set it up would have rough sledding right now.

• **Like TVA**—Though it is called an "administration" rather than an "authority," CVA resembles TVA in many ways.

Physically, a CVA would cover a bigger slice of territory than the TVA. Its bailiwick would include most of Washington, Oregon, and Idaho; western Montana; the Snake River basin in Northwestern Wyoming; and the upper reaches of the Owyhee River in northern Nevada. That's some 270,000 square miles in all, as against the TVA's 40,000 square miles, most of them in a single state.

• **Scope**—As far as its powers go, CVA would have a narrower scope than TVA in some cases, wider in others.

CVA's chief functions are described in the bill as planning, construction, and operation of navigation, flood-control, reclamation and conservation projects; development of recreational facilities; control over pollution; protection of fish and wildlife. But unlike TVA, it won't spread into land and mineral conservation. Thus, the Soil Conservation Service, Bureau of Mines, and state conservation bodies would continue their operations, though CVA would have statutory authority to look over their plans and programs.

CVA could go into business almost immediately after enactment of the bill, by virtue of the fact that it would absorb the plans, programs, and staffs of the Bureau of Reclamation, Bonneville Power Administration, and the Army engineers in the region. (Only thing left to the Army would be channel and harbor improvement in tidal waters.)

• **Continuing Funds**—The main thing that CVA's backers want to take over from TVA is its type of continuing fund for construction, which is fed both by (1) annual appropriations and (2) revenues from power and other sources. If CVA had to rely solely on annual congressional appropriations, it could do little more planning and construction than the federal agencies working along the Columbia have been able to do up to now.

But Bonneville Power Administration—which markets power from Grand Coulee and Bonneville—grossed nearly \$25-million on its sales of power from these two projects alone in fiscal 1948. With more generators coming in soon at Coulee, McNary, the Dalles, Chief Joseph, and other dams, BPA's take on power will more than double in the next

few years. This revenue—from power alone—would make a nice kitty for CVA construction jobs. In addition, CVA's funds would be swelled by payments for municipal water supply and for irrigation.

CVA's authority in the electric-power field would be broad—much broader than that of TVA. The bill gives CVA the power:

To build "stand-by facilities" for any of its projects. This means that it could build steam-generating plants of the type for which TVA has been fighting for two years (BW—Apr. 2 '49, p16).

To string transmission lines. Major lines—not defined in the legislation—would be subject to congressional approval, as would all major water-control or electric-generating projects.

To set its own power rates, including a single "postage-stamp" rate for the entire area.

To buy existing privately owned electric utility systems, though not to condemn such property. It would sell these distribution facilities as rapidly as possible to public bodies or co-ops.

The bill forbids CVA to interfere with existing state water-rights laws. However, it could take over lands and water rights required for dams and other projects. Irrigation water would be distributed in accordance with statutes affecting the Reclamation Bureau, including the 160-acre land limitation on farms eligible for federal water.

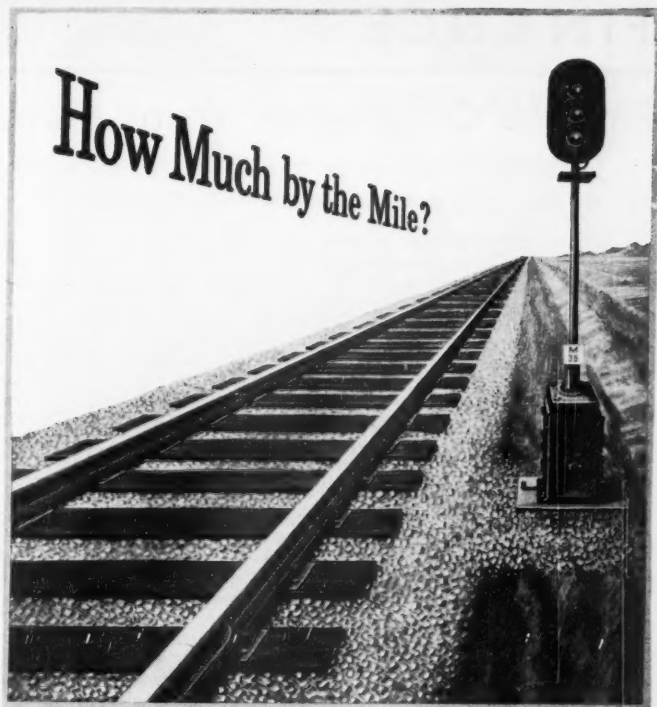
• **Davidson**—If and when CVA becomes a reality, the odds-on favorite to head the three-man board of directors is Assistant Secretary of Interior C. Girard Davidson. He was part of the White House team that prepared the Mitchell-Jackson bill.

NORTHWEST'S NEWSLETTER

A new sign of the growing industrial importance of the Pacific Northwest popped up last week: The first issue of a fortnightly newsletter, "What's Ahead in Pacific Northwest Business," appeared. It's published by Elliot Marple & Associates, 905 Second Avenue Building, Seattle 4, Wash.

Independent regional newsletters—that is, not sponsored by a bank or some such business, or by a chamber of commerce—are not too common. One of the few that preceded the Marple venture is published in Denver by Eugene Sisto Cervi, who serves up generous portions of his own philosophy with frequent inside news and savvy predictions.

Marple's product follows a more conventional newsletter pattern. The main items in the first issue give the pitch on the rebound of northwestern business activity and employment (BW—Apr. 16 '49, p19), and tell, industry by industry, how rising freight rates are putting the squeeze on the area.



It all depends upon whether you're talking about shipping freight, or taking a trip, or building and equipping a mile of railroad.

Railroads haul freight for charges which now average only about 1½ cents for moving a ton a mile. They carry passengers for an average charge of only 2½ cents a mile.

Such low charges have been possible because private investors have saved up and put up \$125,400 for each average mile of railroad line—an investment not only in track, but also in locomotives and cars, bridges and signals, and stations and yards that make up a working railroad.

Because of that investment, America has a railroad system that provides the most economical, as well as the most efficient and the safest mass transportation in the world. What's more, it's a system which not only does not rely upon help from taxpayers—but actually pays into the public treasury in taxes each year almost \$4,000 per mile. To keep these railroads abreast of the nation's needs requires not only constant

maintenance but a steady program of replacement and improvement—and the costs of doing that are twice what they were before the war. The only way in which railroads can attract the dollars needed for these replacements and improvements is to earn an adequate return on the money invested in them.

To enable American railroads to continue giving the most economical, most efficient, and the safest mass transportation in the world, it's important to everybody that railroad rates shall be in line with today's cost of producing the service—for tomorrow's railroads depend on today's earnings.



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presenting the world's great musical shows. Every Monday evening over the ABC Network, 8-8:45 Eastern, Mountain, and Pacific Time; 7-7:45 Central Time.



FINANCE

Finance Companies Want More "New Money"

Although total consumer credit is dropping, auto credit is up—and that means more business for the finance companies.

How's the demand for "new money" these days? For finance companies, at least, the answer appears to be: As strong as ever.

• **Exception**—It's true that the finance companies are one of the big exceptions. For, if you look at the over-all corporate picture, the rule today is that demand for new money is slowing down. So far this year, most businesses have been paying fewer calls on their banks. And new-money borrowings from other sources, as well as sales of new securities, have slipped well below those of a year ago.

At first glance, you might wonder why the finance companies stand off from the trend. You'd expect them to be the crowd, because:

(1) The total of consumer credit outstanding has dropped this year. That's the first time since the war, and a lot has been made of it.

(2) During 1948, finance companies acquired a huge amount of new working capital (tabulation).

But the fact remains that finance companies are still reaching out hungrily for new working capital.

• **C.I.T.'s Needs**—Take a look at the new-money activity this year of New York's C.I.T. Financial Corp., the finance trade's largest unit. The company's bank borrowings were up \$40-million last year, and it sold \$124-million of long-term debt obligations and preferred stock. And still it needs more new money.

Already this year C.I.T. has had to acquire an additional \$113-million of new working capital. It has just completed one of the biggest non-utility security flotations of the year on Wall Street's new-issue market.

• **The Quest**—Here's the trail C.I.T. has followed this year to meet its new working-capital needs:

(1) Last week that company successfully sold \$50-million new 10-year 2½% debentures to a Wall Street underwriting group at a price close to par. Just a few weeks earlier it had thought it necessary to sell privately (at par) \$20-million of new \$4 preference stock to two insurance companies—Prudential and Metropolitan Life.

(2) C.I.T. has been equally active in sales of short-term commercial paper to banks generally and in its use of depository bank-credit facilities. As a re-

sult, by the end of February its outstanding short-term loans added up to almost \$400-million, some \$45-million more than at the 1948 year-end.

• **Still More?**—What's more, it's quite conceivable that C.I.T. hasn't yet climbed to the peak of its 1949 financing activity. As February closed, more than 400 depository banks were granting C.I.T. credit lines aggregating some \$410-million; even so, the company still had available for use around \$150-million of such borrowing facilities.

• **Other Companies, Too**—C.I.T. hasn't been the only one seeking new working capital in the postwar years. Last year its biggest rivals in the consumer credit financing field were working just as hard at the problem.

Associates Investment Co. of South Bend, Ind., which operates mainly in the Midwest and is the third largest "independent" finance company, was also forced to hike its long- and short-

term borrowings sharply in 1948. So was Baltimore's Commercial Credit Co., C.I.T.'s biggest rival.

• **Commercial Credit**—Short-term debt for Commercial Credit rose almost \$26-million during last year. Its long-term debt moved up abruptly, too—from \$75-million to \$135-million—through private sales of unsecured note issues, including one of \$15-million purchased by Prudential Life. And it's quite possible that C.C.'s short-term note outstandings may also have risen materially since the close of 1948. Commercial Credit's credit lines with its depositories then totted up to almost \$336-million, and some \$157-million were still unused.

• **Earnings Grow**—Such heavy activity has paid off handsomely. Earnings of Associates Investment Co. in 1948 soared to some \$5.5-million vs. less than \$3.3-million in 1947. Commercial Credit's net was up, too: to almost \$16.7-million, compared with less than \$9-million in 1947. C.I.T.'s earnings showed an even more spectacular jump. They added up last year to more than

Fiscal Pattern of Three Finance Companies

	1937	1941	1947	1948
Associates Investment Co.				
Receivables purchased.....	\$149,476	\$251,617	\$467,259	\$609,011
Gross income.....	10,746	10,828	15,487	25,807
Interest charges.....	988	1,048	1,685	3,234
Net income.....	3,221	2,564	3,275	5,553
Short-term loans.....	42,631	72,819	132,831	144,510
Long-term debt.....	12,000	6,000	10,000	35,000
Preferred stock.....	6,000	9,689	—	—
Common stock.....	2,796	2,829	10,418	10,418
Surplus.....	8,419	14,077	20,166	23,245
Commercial Credit Co.				
Receivables purchased.....	933,854	1,018,586	1,486,742	1,767,993
Gross income.....	34,667	36,166	61,346	83,411
Interest charges.....	3,782	3,187	3,750	7,677
Net income.....	13,593	9,082	8,995	16,663
Short-term loans.....	171,787	276,837	258,988	284,795
Long-term debt.....	65,000	46,500	60,000	135,000
Preferred stock.....	12,195	12,194	25,000	25,000
Common stock.....	18,420	18,415	18,415	18,415
Surplus.....	34,012	36,071	39,883	55,109
C. I. T. Financial Corp.				
Receivables purchased.....	1,291,704	1,638,679	2,635,853	3,226,058
Gross income.....	55,713	53,377	59,550	94,962
Interest charges.....	6,175	5,369	4,604	9,015
Net income.....	19,390	16,192	7,282	17,071
Short-term loans.....	288,751	359,072	315,197	*398,489
Long-term debt.....	68,000	104,975	108,000	**252,000
Preferred stock.....	9,544	9,494	—	**50,000
Common stock.....	49,715	53,098	55,505	55,505
Surplus.....	28,058	53,299	53,468	61,623

* As of Feb. 28, 1949.

** As of Mar. 31, 1949.

\$17-million; in 1947 they didn't quite total \$7.3-million.

• **Instalment Buying Up**—The trade's need of additional working capital isn't really surprising.

Since the war ended, the consuming public has been buying more heavily on an instalment basis than it has ever bought before. To meet the public's demand for financing, the finance companies have had to borrow as never before.

Total consumer credit outstanding at the close of 1948 totaled some \$15.9-billion, compared with a prewar high (in 1941) of something less than \$9.9-billion. This total has dropped slightly since year-end. But the drop hasn't hit the financing companies; their business is still moving up above the levels of a year ago. That's because their forte is auto financing—and so far it has been other lines of instalment sales that have shown a tendency to shrink.

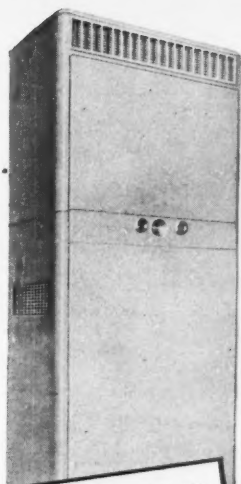
• **Autos the Key**—Most financing companies expect that from here on they'll have to finance a greater share of automobile purchases than they have financed since the war's end.

Here's why: The large fleet operators apparently have about bought their fill of new cars. So have the cash car buyers. From now on, therefore, dealers are going to face a bigger selling job to dispose of Detroit's output—and time-buying has always played a big part in the technique of car selling.

The finance companies stand to benefit plenty if more car purchasers switch to instalment buying. So far in the post-war period car financing has accounted for less than the normal share of total transactions. That's because lately, according to trade estimates, only some 20% to 25% of all new-car sales have been financed on an instalment basis, compared with the 50% to 55% common in pre-Pearl Harbor days.

• **Regulation W**—According to the trade, last month's easing of Regulation W credit terms hasn't made much difference to the finance company's business. That's easy to explain. After all, this didn't change the down payment required on car purchases. It did extend the time limits for payments from 18 to 21 months, but it is doubtful that the addition of the extra three months to pay changed personal buying programs very much.

The industry would rather have had the time limit for new-car payments raised to 24 months and for used cars to 18 months. But it is noteworthy that its thinking on Regulation W as a whole has changed somewhat in recent months. That curb on the extension of credit doesn't look quite so objectionable as it used to. For more than anyone else, the financing trade is fearful of "runaway credit." It has so much at stake in the field that it would be the



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first to feel the repercussions of such a catastrophe.

• **Still Safe**—This doesn't mean the trade believes that the total of consumer credit outstanding is nearing the "unsafe" mark. It very definitely isn't worrying on that score. For the record-breaking level of total consumer credit at the 1948 year-end, still toted up to only some 8.3% of the latest estimated annual rate of disposable personal income. Back in 1940 that ratio was around 12%; in the previous decade it averaged around 9.5%.

In their business operations, too, the trade claims to see no signs that people have "mortgaged" themselves too greatly to buy cars, appliances and the like. It's true that, in some cases it's a little harder to collect than it was some months ago. But there has been no disturbing trend in that direction.

• **Prospects Good**—Last year the volume of finance paper held by the trade increased by about a third. It is too early to make any definite prediction, but the chances are that the finance companies won't experience any such startling rise in business this year. Even if the gain levels off, however, 1949 earnings should hold up well: Last year's volume of paper contains much in the way of deferred income that's slated to become actual profits during 1949.

• **Market Reactions**—That's one of the factors in the stock market right now. Finance-company shares as a whole are now selling at some 9% above their earlier registered 1949 low. That's a better showing than utility operating company stocks have made so far—and lately these have been something to cheer about (BW—Apr. 16'49, p100). The utility group today can boast a price rise of only around 7%.

Two Companies Drop Proposed Stock Issues

Last week, two companies that had planned stock issues changed their minds. The companies: Playboy Motor Car Corp.; and American Oil Explorers, Inc. (BW—Apr. 9'49, pp89,93).

• **Reorganizing**—Playboy went further than that. It filed a federal-court petition for reorganization. Allen H. Gardner, former president of Colonial Radio Corp., was appointed trustee.

Playboy's first attempt to sell stock fell through last fall (BW—Oct. 30'48, p106). This time its agent, Aetna Securities Corp. of New York, had not been able to sell any of the proposed new issue on a when, as, and if issued basis.

Louis Horwitz, president of Playboy, said last week that the company is working on a private financing program.

• **Present Status**—Playboy has already sold about 723 dealer franchises and 27

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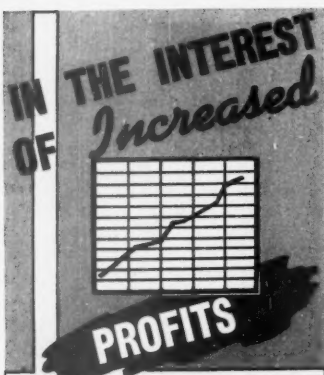
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See page 116 of the April 9 issue

distributorships. As of a few weeks ago, it had raised \$1.9-million that way, and had payments due of \$350,000.

The company has been in pilot production for about a year on its small convertible coupe. It has been leasing a large Tonawanda (N. Y.) plant from the War Assets Administration.

• **Free Insurance**—American Oil Explorers, in the registration statement it filed with the Securities & Exchange Commission, had offered to give each stock-buyer a paid-up life insurance pol-

icy equal to the purchase price of his stock. The idea was that the investor (or, at least, his estate) would be sure of getting the money back eventually, even if the oil venture didn't pan out.

Last week, however, the company withdrew the registration statement. It gave no reason. But SEC had said it was considering a stop-order—because there was "reasonable cause to believe" that it "contains untrue statements of material facts," and that it "omits material facts."



New "Economy House" to Sell for \$8,390 Has ...



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Latest entry in the low-price housing sweepstakes is this model built by N. K. Winston Associates at East Hempstead, Long Island. Built to sell at \$8,390, it has 1,000 sq. ft. of floor space against 700 sq. ft. or so in most of the "economy homes" that have been

designed recently (BW—Mar. 5 '49, p21). Winston plans to put up 305 of these houses on 60x100 plots, have them ready this summer. Down payment for buyers who are veterans will be \$90, monthly carrying charges \$62.



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Chicago Shift

First National now outranks Continental Illinois in deposits. New state governor brings switch in state account.

High scoreholder among Chicago's financial institutions is now the First National Bank. For the first time in years, that concern has larger deposits than the city's long-time leader—the Continental Illinois National Bank & Trust Co. of Chicago.

• **Public Eye**—The shift came to light this way: The Comptroller of the Currency had called for a statement of the condition of all national banks on Apr. 11. The statements were published last week.

On that date, deposits of First National added up to \$1,986,147,000, those of Continental Illinois to only \$1,919,953,000. As 1949 opened, Continental-Illinois, with deposits of \$2,160,000,000, had had an \$81,000,000 lead.

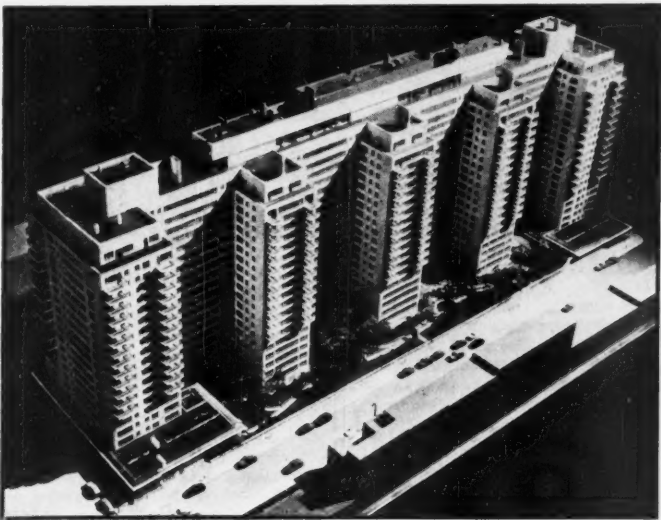
• **State Account**—First National's deposits have been pulling steadily nearer the No. 1 position for the last decade

or so. However, it's understood that First National has to thank the State of Illinois for its new rank. Since the Democratic administration of Gov. A. E. Stevenson took over in January, state funds have been moving into the bank.

Last January the Illinois state treasurer decided to transfer the state's active account, totaling some \$73-million, from Continental Illinois to First National. Ever since, there have been rumors that at the next call date First National would chalk up the largest deposit total in the city.

During the preceding Republican administration of Gov. Dwight H. Green, Continental Illinois had the lion's share of the state account. It is believed that First National never held more than 10% of the state's funds in Green's days.

• **Earlier Record**—This isn't the first time that the First National has been Chicago's banking kingpin. It was the first bank in the city to reach \$100-million of deposits, back in the early years of this century. And it held top place for some time. It fell back into second place only when the old Continental National and the Commercial National—a couple of the numerous forebears of the present Continental



New York Life Builds High-Class Housing

Most life insurance companies have stopped going into big new housing projects (BW—Jun. 5 '48, p. 81). But New York Life Insurance Co. has just started building upper-bracket apartment house on the edge of New York's fashionable midtown East Side. The company bought the land three years ago, couldn't get a lump-sum construction

contract till now. "Manhattan House" is expected to be ready in late 1950. It will have about 580 units. Rentals will range from \$1,600 to \$4,500 a year for three- to seven-room apartments. Cost: over \$10-million. New York Life is also dickering with Chicago on construction of a 1,400-unit project for Negro families.

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"Must be great at that," I said, "to be able to swim or ski right in your own backyard, so to speak."

"It is," he said. "It's like extra dividends. And I'll bet I get more out of life and have fewer worries liv-

ing and working in New England than any big-city man I know. Less labor trouble than anywhere else in the country, always plenty of good water for my mill, ample power facilities, good transportation. Then there's another advantage to having a plant in New England which is becoming increasingly important these days. And that's the fact that right there in New England we've got the highest diversification of industry in the U.S.A. Our mills and factories all told make 220 different products. Industrial diversification like that is one reason why New England itself is such a rich, stable market. That's why any organization looking for a factory location ought to find out what New England offers them."

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• **Special Handling**—The big state account is reported to be a very active one. It is subject to immediate withdrawals and deposits of any amount, and funds in it draw no interest. For many years it has been on deposit with either First National or Continental Illinois; the state figures that only the largest of Chicago's banks have the facilities to handle business of this kind.

• **No Fanfare**—Officials of the First National are reported playing down its new ranking as Chicago's biggest deposit holder. For one thing, its lead is still slim, even with its recent wind-fall. And, for another, First National still ranks second to Continental Illinois in point of capital funds. Capital, surplus, and undivided profits of Continental Illinois added up to some \$169-million at the 1948 year-end; those of First National came to around \$144-million.

Tucker Trustees Find No Assembly Line

Tucker Corp. was in no position to put out cars on a mass-production basis when it was reorganized early last month (BW—Mar. 12 '49, p. 78). It had no assembly line.

That's what Tucker's trustees reported last week to Federal Judge Michael L. Igoe. The company has been leasing a big Chicago plant from War Assets Administration. And Preston Tucker, company president, had stated earlier that Tucker Corp. was about to start mass production.

• **\$70,000 Cash**—The Tucker plant lacked the tools, dies, and other equipment necessary to mass-produce cars, the trustees said. They also reported that by the end of March the company had only about \$70,000 cash on hand. At the end of 1947, the consolidated financial statement had shown over \$12-million cash on hand.

• **Engine Company**—Tucker does have one valuable asset, according to the trustees. That's its subsidiary, Air Cooled Motors, Inc., of Syracuse, N. Y. Air Cooled Motors manufactures airplane engines. In addition, it holds some promising patents on turbo-jet and gas-turbine engines.

Other Tucker assets include: (1) a house, (2) two airplanes, (3) several hundred tons of steel, (4) a few carpets.

A federal grand jury is investigating Tucker Corp. to see whether it has violated the Securities Exchange Act, the Bankruptcy Act, or the postal laws (BW—Mar. 5 '49, p. 86).

FINANCE BRIEFS

Sears, Roebuck has bought back \$40-million of customers' time-payment paper previously sold to banks. It's not a change in policy: Sears says its current ample supply of cash dictated the move; banks still hold paper worth some \$310-million.

R. H. Macy has sold its new White Plains (N. Y.) branch to Mutual Benefit Life for \$3.2-million, leased it back for 25 years. Annual rental: \$194,000.

Gaylord Container has just borrowed \$7.5-million from Equitable Life on 3% serial notes due from 1950 to 1964.

International Harvester will ask stockholders at May 12 annual meeting to approve employee stock-purchase plan.

New York Stock Exchange is still operating in the red—\$106,000 in first quarter of 1949. That's almost exactly what it lost during the same period last year.

John L. Lewis and his United Mine Workers are supposed to be the recent unidentified purchaser of the National Bank of Washington, the capital's oldest bank. At the close of 1948, bank reported capital and surplus of \$2.2-million, deposits of \$22.6-million. It has sold 51% of its stock at \$280 a share.

The bankrupt New York, Ontario & Western R.R. ceased operations entirely early this week. Reason: Strike called by four operating brotherhoods after the breakdown of wage-increase negotiations. Trustees are now seeking court permission to file a petition with ICC to abandon the property.

Humble Oil & Refining has planned capital investment of \$155-million for 1949, 15% more than in 1948. Company says it will finance the new program out of earnings.

Mathieson Chemical has completed arrangements with Metropolitan Life for a 20-year unsecured \$20-million loan. About \$5-million of proceeds will be added to working capital; the rest will be used to pay off bank loans.

Public Service Electric & Gas stockholders have approved \$75-million in new first and refunding mortgage bonds. Company expects to offer these for sale next month. About \$48-million of proceeds will be used to retire debt now outstanding; the balance will be added to the treasury.

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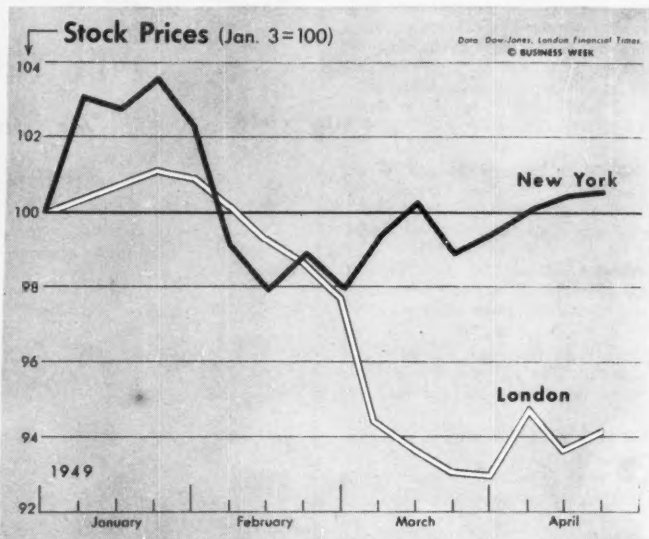
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THE MARKETS



Pessimism Spans the Atlantic

British investors are even more worried than Americans over the U. S. business outlook; that's a big reason for drop in London market. But Wall Street worries about worldwide recession.

London's City apparently has been worrying even more than Wall Street about the possibility of a recession in the U. S. Meanwhile, Wall Street has started brooding over the possibility of a worldwide recession that would kick back on the U. S.

All this solicitude over the neighbors' health hasn't done either any good.

• **Contrast**—If you compare the Dow-Jones index of 65 New York stocks with the London Financial Times index (chart), you will find that London has been going downhill pretty steadily during most of this year. By now, the

Financial Times index is 6% under its January level.

In the same period, New York stocks have bobbed along in a narrow range. The average now stands just a whisker above its level at the start of the year.

It isn't unusual to see the two markets going in different directions. But it isn't often that you see London making a wider swing than New York.

• **Special Problems**—London, of course, has its own private worries just now. Nationalization is a real threat to British stockholders. Taxes are brutally heavy. And the approach of the date for presenting the new government budget undoubtedly gave the City the jitters this spring.

But this doesn't explain the persistent downtrend in the London market. Actually, the British government has slowed down a little on nationalization. And the budget this year contained no nasty surprises.

If the London financial experts know what they are talking about, one of the main things that bothers the City is the fear that another recession is brewing in the U. S. The British figure that they are now so closely tied to the

Security Price Averages

	This Week	Month Ago	Year Ago	Year Ago
Stocks				
Industrial	147.2	147.5	145.2	152.1
Railroad	39.4	40.0	38.6	47.0
Utility	72.9	72.3	70.3	68.8
Bonds				
Industrial	98.3	97.2	96.9	95.2
Railroad	81.7	81.5	82.2	83.9
Utility	95.6	95.5	95.8	96.8

Data: Standard & Poor's Corp.

American economy that hard times here will mean hard times for them.

• **Attitude Here**—Wall Street, on the other hand, is pretty well hardened to the idea of a moderate dip in U.S. business. Some traders even have predicted that the market will start going up as soon as it gets a measure of just how bad the readjustment will be.

But lately the Street has found a new twist to put on its worries. It is

afraid that the shakeout in the U.S. will be complicated by a general drop in world demand. Now that the Marshall Plan is getting out of its first stages, investors are beginning to realize that the problem of finding markets for Europe's exports may be even tougher than the problem of reviving Europe's industry. And if Europe can't sell its exports, its demand for American goods will shrink.

What Has Happened to Stocks Since Election

Standard & Poor's Weekly Indexes (1935-39 = 100)
Post Election

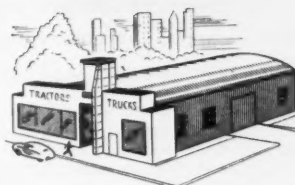
Stock Group	Election Eve	Range High Low*	Apr. 13, 1949	Post-Election Gain or Loss
Gold mining (U. S.).....	56.0	68.1 51.5†	66.2	+18.2%
Motion pictures.....	141.9	155.5 134.6†	155.5	+ 9.6
Air transport.....	209.3	237.2 181.5†	226.4	+ 8.1
Drugs, cosmetics.....	94.3	102.2 89.0†	101.6	+ 7.7
Confectionery.....	111.2	120.2 107.7†	119.8	+ 7.7
Finance companies.....	92.8	99.1 87.3†	98.3	+ 5.9
Shipping.....	348.8	377.7 322.1†	368.2	+ 5.6
Utility holding companies.....	119.8	125.9 101.3†	125.9	+ 5.1
Metal containers.....	71.2	75.6 64.9†	74.7	+ 4.9
Utility operating companies.....	99.8	100.3 91.8†	100.3	+ 0.5
Shoes.....	111.2	113.0 105.2†	111.1	- 0.1
Tobacco.....	80.2	82.4 76.0†	80.0	- 0.2
Office, business equipment.....	150.4	151.0 137.2†	150.0	- 0.3
Baking, milling.....	157.6	156.1 147.9†	155.4	- 1.4
Food chains.....	181.1	179.1 168.2†	178.1	- 1.6
Dairy products.....	172.9	170.1 159.0†	170.1	- 1.6
Soft drinks.....	123.5	123.3 109.1†	120.5	- 2.4
5¢, 10¢, \$1 chains.....	124.1	125.1 116.9†	121.1	- 2.4
Chemicals.....	133.9	131.7 121.4†	130.1	- 2.9
High-grade common stocks.....	117.7	117.9 110.1†	114.2	- 3.0
Shipbuilding.....	202.1	194.2 175.4†	194.2	- 3.9
Aircraft manufacturing.....	121.9	119.0 96.6†	117.0	- 4.0
Telegraph, telephone.....	95.8	95.3 91.5†	91.5	- 4.5
Radio broadcasting.....	143.8	151.0 126.1†	137.3	- 4.5
Soaps, vegetable oils.....	135.2	133.2 118.1†	128.8	- 4.7
Glass containers.....	94.6	94.2 82.8†	89.8	- 5.1
Television, electronics**.....	158.7	168.9 140.7†	148.2	- 6.6
Meat packing.....	127.5	126.4 113.7†	118.9	- 6.8
Consumers' goods.....	130.1	125.7 118.4†	121.3	- 6.8
Tires, rubber goods.....	195.7	184.7 170.0†	180.2	- 8.0
Department stores.....	192.1	188.6 173.8†	176.6	- 8.1
Composite index.....	130.2	135.1 115.6	119.1	- 8.5
Mail order, general chains.....	192.5	191.4 164.9†	176.0	- 8.6
All industrials.....	137.1	131.4 120.8†	124.8	- 9.0
Oil.....	182.9	174.0 152.7†	165.7	- 9.4
Distillers.....	300.9	291.0 260.6†	266.1	-11.6
Capital goods.....	127.1	121.7 111.3†	112.2	-11.8
Machinery.....	119.7	115.5 101.4†	105.6	-11.8
Sugar.....	95.4	93.2 81.3†	84.2	-11.8
Fertilizers.....	229.7	212.7 189.8†	201.2	-12.4
Building materials.....	125.7	120.6 110.0†	110.0	-12.5
Automobile.....	133.4	127.2 114.8†	116.4	-12.7
Electrical equipment.....	106.0	99.7 90.3†	92.5	-12.8
Mining, smelting.....	90.5	87.5 76.4†	77.1	-14.8
Printing, publishing.....	130.2	120.9 96.8†	110.0	-15.5
Auto parts, accessories.....	127.7	119.8 108.0†	108.0	-15.6
Paper.....	297.4	283.1 244.8†	248.6	-16.4
Agricultural machinery.....	136.4	127.6 109.3†	114.0	-16.4
Low-priced common stocks.....	142.8	133.5 110.7†	119.2	-16.5
Textiles.....	241.8	234.3 198.8†	199.6	-17.7
Metal fabricating.....	120.3	109.9 97.0†	98.6	-18.0
Rail equipment.....	101.4	98.6 82.0†	83.3	-19.4
Coal.....	277.3	264.2 214.7†	223.2	-19.5
Household supplies.....	126.0	121.8 101.3†	101.3	-19.6
Railroads.....	122.5	115.7 95.5†	97.6	-20.3
Steel.....	153.6	145.8 122.3†	122.3	-20.4
Leather.....	88.2	84.6 65.6†	69.6	-21.1
Lead, zinc.....	120.2	117.1 93.5†	93.5	-22.2
Copper.....	141.1	135.2 105.4†	106.4	-24.6

* All registered in 1949 except where otherwise noted. † Registered in 1948. ** New average not included in composite index.

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UNION PRESIDENT James Durkin, of the United Office & Professional Workers, swore he was no Communist. But . . .



COMPANY PRESIDENT Leroy Lincoln, of Metropolitan Life, says union is still Communist-dominated. Their fight is . . .

Spotlighting a T-H Loophole

Communist-affidavit provision of labor law applies only to union "officers." So unions juggle their constitutions to evade it. Metropolitan Life says U.O.P.W.'s compliance was fraudulent.

Anti-Communist provisions in the Taft-Hartley act have lost a lot of their intended punch. Reason: a loophole in the act. T-H bars its protection to unions whose officers haven't signed non-Communist oaths—but it doesn't define "officers" broadly enough to rule out continued Communist domination of some unions (The Trend, page 128).

• **Instance**—The United Office & Professional Workers (C.I.O.) is firmly oriented as a left-wing, Communist-line union. But it is still qualified under T-H. It got in under the NLRB tent by juggling its constitution: It cut the number of elective officers to two, who were able or willing to sign non-Communist oaths.

This week, U.O.P.W.'s maneuvers to comply with T-H are heading toward a court test. The Metropolitan Life Insurance Co. is challenging U.O.P.W. compliance as invalid and improper. It charges that the union's "paper change [of officers] has in no way reduced or eliminated the Communist domination of the union, through control of its leadership."

• **Significant**—The fate of Metropolitan's challenge is important to businessmen, because there's a good chance that the non-Communist affidavit require-

ment will stick in any federal labor law adopted this year.

• **Maneuvers**—U.O.P.W. followed the party line of noncompliance with T-H until last November. At that time, the general executive board decided that U.O.P.W. must have access to the National Labor Relations Board—or take a chance on losing some of its juiciest contracts. So it decided to take these steps to comply:

(1) James Durkin, president, filed an affidavit that he is not a Communist.

(2) A constitution change eliminated three elective vice-presidencies. But the three former officers got new appointive jobs as "division heads." As such, Lewis Berne, Leon W. Berney, and Joseph H. Levy continue to do essentially the same work they did before; the only noticeable difference in the jobs is the title.

(3) A new secretary-treasurer was elected: Bernard J. Mooney, who agreed to sign a non-Communist oath. But the man who formerly held the job, John J. Stanley, got a new and equally important job—director of organization—by appointment.

Once Durkin and Mooney had signed non-Communist oaths, NLRB listed U.O.P.W. as qualified under T-H. The board has handled the leftist union on

the same basis as qualified right-wing unions ever since.

• **Charges**—Recently, the Prudential Insurance Co. asked NLRB to refuse to process a U.O.P.W. petition for a representation election. It charged that the union is Communist-dominated, despite its two officers' affidavits. But Prudential didn't try to make an issue of its charges before NLRB.

Last week, Metropolitan Life made similar charges against U.O.P.W., in opposing an election petition to cover 9,000 insurance agents in 10 states. Metropolitan intends to press its charges through NLRB and into the federal courts.

• **Challenge**—The company first challenged the validity of U.O.P.W. compliance with T-H in proceedings before an NLRB trial examiner. The board's hearing officer refused to admit Metropolitan testimony intended to prove that U.O.P.W.'s compliance was fraudulent. And the company knew in advance that the board would refuse.

Nevertheless, Metropolitan asked NLRB to subpoena several people to back up its charge. Among them: C.I.O. president Philip Murray, C.I.O. secretary-treasurer James B. Carey, and Joe Curran, president of the National Maritime Union (C.I.O.), all of whom have criticized U.O.P.W.'s left-wing leadership; Lewis Merrill, former president of U.O.P.W., who was sharply criticized by the Communist Daily Worker when he resigned; Jacob Stachel, Communist Party educational director in this country, and other C.P. leaders; and other union leaders, both in and out of U.O.P.W.

• **Legal Strategy**—NLRB issued the subpoenas—because it must do so, by law, when they are requested by a party in any dispute before the board. But Metropolitan did not even call the subpoenaed witnesses to appear at the hearing. The subpoena move was merely legal strategy. It gave the company a chance to get into the NLRB record—as an "offer of proof"—its charges and supporting testimony against U.O.P.W.

It had to go about this indirectly because NLRB has held that testimony about improper affidavits isn't admissible in cases before the board. NLRB has taken this position: T-H merely says that NLRB can't take a case unless officers have filed affidavits; it doesn't say that the affidavits have to be truthful, or that NLRB must investigate and rule on challenges.

So NLRB limits itself to checking affidavits against a list of "officer" jobs—which it gets from the union's constitution. Any questions on the truthfulness of oaths are matters for the Attorney-General's office, not NLRB, says the board. This policy was first laid down in the Craddock-Terry Shoe Corp. case (BW—Mar. 13'48, p102) and later

re-emphasized in a United States Gypsum Co. case. The Attorney-General, however, is doing nothing—presumably because this is an NLRB matter.

• **Court Test Coming**—Thus, Metropolitan was sure, from the start, that it wouldn't get anywhere with NLRB. It went through all this rignarole only as preparation for a court test. This test probably will come after the representation election—providing U.O.P.W. wins. (The union lost the first round at Prudential.)

The suit will be based on Metropolitan's defense of its refusal to bargain with a union certified by NLRB. T-H provides that NLRB must go directly to the U.S. Circuit Court of Appeals to enforce its order in such cases—thus starting the case at a high level.

Metropolitan's court defense would come out of NLRB's records—the "offer of proof" (1) that Durkin "for a long time before and ever since filing his affidavit has been affiliated with the Communists;" (2) that the three "division heads" are still actually U.O.P.W. vice-presidents; and (3) that NLRB has not been fulfilling, to the letter, the intent of Congress that all union "leaders," not just titular "officers," should be required to sign non-Communist affidavits.

• **To Close the Loophole**—Meanwhile, there's a move on in Congress to broaden the classification of those required to sign non-Communist affidavits. Some congressmen would include: "Every member of every policy-forming or governing body of an employer or labor organization. . . . and each person who exercises any authority in collective bargaining on behalf of an employer or a labor organization."

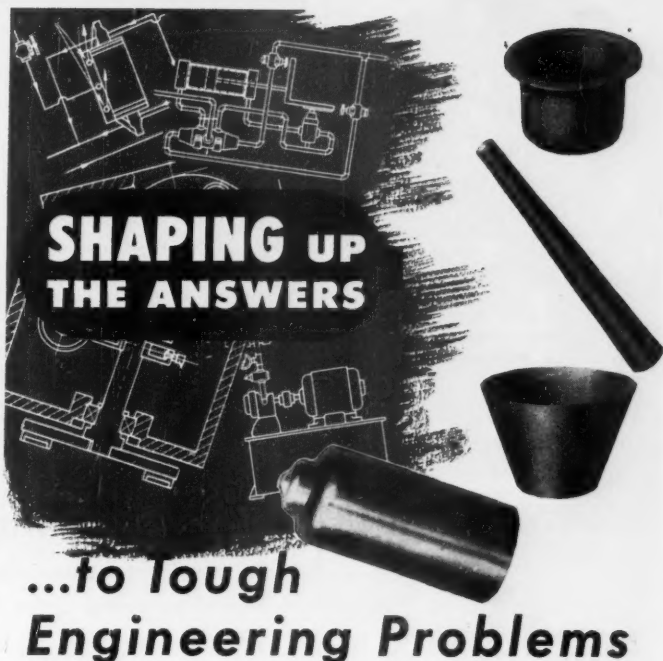
Pension Rolls Mount For Employers

How long do workers stay on a pension list? That's a question employers are asking—now that union demands frequently include retirement pay.

You can get an idea from a recent report by the Canadian Pacific Railway Co. It shows the age distribution of the 9,636 retired workers who were on Canadian Pacific's list of pensioners at the end of 1948:

Under 60 years of age, 439; 60-65, 1,192; 65-70, 4,594; 70-75, 2,101; 75-80, 850; 80-85, 345; 85-90, 90; over 90, 25.

Canadian Pacific retired 1,224 workers in 1948. It dropped 524 names because of death or other causes, thus had a net increase of 700 pensioners for the year. That brought the total on the roll to double the number at the end of 1942, more than three times the number of pensioners in 1937.



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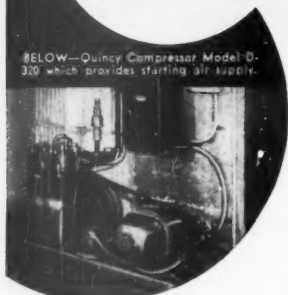
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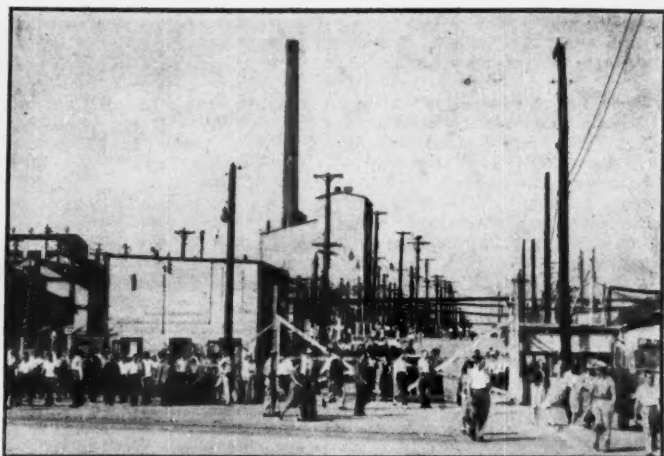
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ATOM WORKERS at Oak Ridge pose a unique labor problem. Study group suggests . . .

A Labor Board for Atom Plants

Presidential commission proposes a permanent board to mediate atom labor disputes, suggest settlement terms.

How should labor disputes be handled in strategic, top-secret atomic energy plants? That's been a tough question for the government, for the contractor, and for the unions involved since 1945.

The problem: The Atomic Energy Commission wants the contractors who run its plants to handle their own labor relations by ordinary collective bargaining. And yet—

Atomic workers are so enmeshed in security red tape that they often feel like government employees.

Almost everyone agrees that no strike can be tolerated if it would interfere with bomb production.

• **Suggestion**—This week, a three-man presidential commission suggested a solution: a special labor-relations board which would deal only with labor disputes in atomic energy installations.

This proposal isn't entirely satisfactory to anyone, but it's a starting point for further study of the atomic labor problem—and a temporary means of handling any disputes that might come up during wage bargaining at Oak Ridge (Tenn.) and Hanford (Wash.) this spring.

• **No Legislation**—The presidential commission, headed by William H. Davis, believes it could be created by executive order. It does not favor any special legislation at this time to deal with the atomic labor situation.

The proposed atomic labor-relations panel would be a mediation board; it would not have any "superpowers" to settle disputes by fiat.

It could intervene in an atomic labor dispute only after all normal steps had failed—including free collective bargaining and conciliation efforts by the Federal Mediation & Conciliation Service.

• **Voluntary**—Before it could intervene in a dispute the new board would have to decide that the dispute threatened to interfere with the atomic energy program. Also, both management and labor would have to agree to intervention; they would have to promise (1) that there would be no strike or lockout while the dispute was before the board, and (2) that wages and working conditions wouldn't be changed during that time.

The board would first try to settle the dispute through mediation. That failing, it would recommend settlement terms, but these would not be binding on either party. However, both would be required to maintain the status quo for 30 days after the board announced its recommendations.

After that, the union could strike if it wanted to. The only bar would be a further presidential order declaring the dispute a threat to national welfare. This would bring the dispute under the national emergency provisions of federal labor laws.

• **Arbitration Out**—C.I.O. had wanted the new atomic labor program to include compulsory arbitration of disputes. But A.F.L. wasn't so sure it wanted to be tied down to binding arbitration. And companies operating the government plants as private contractors firmly opposed it. Contractors

objected to any plan which would lead to forced settlements. Reason: All of them have other private plants, and they knew that they would be under pressure from unions to extend any dictated settlements to the outside operations.

Unions would have liked a check-rein on A.E.C. security rules. They agreed, in appearances before the Davis commission, that the industry they're working in requires loyalty checks. But they complained that there should be some way to appeal refusals to hire, or dismissals and job transfers, to a special atomic labor board. The Davis group wouldn't go that far.

• **Study Group**—President Truman ordered the study of atomic labor problems last September, after a strike had been narrowly averted at Oak Ridge. He chose William H. Davis, former chairman of the National War Labor Board, to head the study. Aaron Horvitz, a New York arbitrator, and Dr. Edwin E. Witte, of the University of Wisconsin, also were named to the commission.

Contract talks at Oak Ridge begin this month between Carbide & Carbon Chemicals Corp. and C.I.O. and A.F.L. unions. Negotiations are already going on between General Electric and A.F.L. atomic workers at Hanford.

Premium-Pay Bill Stalled in Congress

It looks as if employers will have quite a wait for relief from "overtime-on-overtime" liability. A "quickie" bill to do the job has only a slim chance in Congress now.

• **Speed in House**—Two months ago, the House zipped through a bill to plug a wage-hour loophole that has exposed many employers to liability for premium pay over and above real overtime. The vote was 230 to 7.

But this week the Senate version of the bill appears hopelessly snarled in a labor subcommittee headed by Sen. Lister Hill. The group completed hearings on the measure a month ago, then deadlocked on one important point: a request from the stevedoring industry that the Senate make application of the bill retroactive.

• **Doubts**—Some of the senators doubt the legality of a retroactive clause. In addition, Sen. Wayne Morse, one of the committee members, questions the fairness of wiping out claims which have accrued under the wage-hour law.

No early break is expected in the deadlock. And there's no present inclination to toss the dispute out for floor debate. Moreover, a bill aimed at over-all revision of the wage-hour bill

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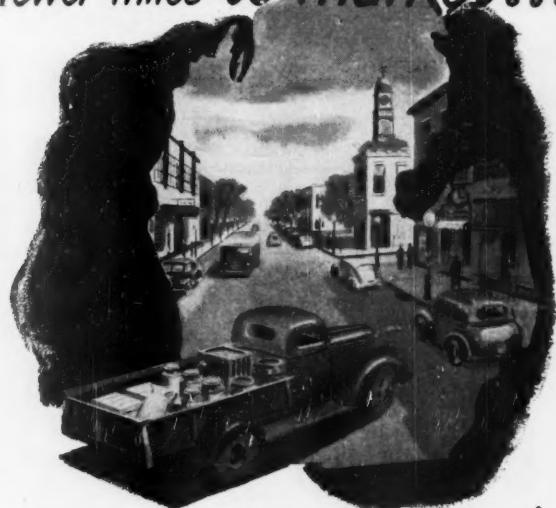


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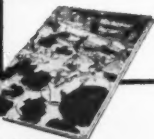


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has just about caught up with the "overtime-on-overtime" measure.

So it's now probable that Congress will let the "overtime-on-overtime" measure die, write its provisions into the omnibus bill. That means a long delay, under present legislative scheduling.



FIELD MAN checks union card in . . .

Laying Groundwork For Teamsters' Drive

"Let's see your union card," field men from A.F.L.'s Teamsters Union asked truck drivers all over the country last week. The union's idea is to "see where we stand" before stepping up its organizing drive.

It also had another aim: to ferret out cases where companies under union contract are using nonunion drivers, or drivers who aren't in good graces with the union. Field men had instructions to report such cases back to the union for "appropriate action."

The check-up was conducted from weighing stations, rail terminals, freight docks, warehouses, and other vantage points on all highways. It included over-the-road, general trucking, and local-haul and pick-up drivers. And, according to the union, a "very high" percentage produced union dues books on demand.

The union plans similar card checks later this year in all other industries in which it has jurisdiction. When it gets finished, the union expects to throw itself into a real organizing drive that will send the union membership well over the 1-million mark.

Wage-Floor Ideas

Taft wants to tie minimum wage to average wage. House group would let it fluctuate with the cost of living.

Senate labor subcommittee hearings on proposals to amend the wage-hour act brought out a new minimum-wage idea last week. It came as an off-the-cuff suggestion from Sen. Robert A. Taft.

• **Escalator**—Taft proposed setting up an escalator-type minimum wage—one that would fluctuate with changes in other wages. He thought it might be feasible to fix the minimum wage at 60% of industry's average hourly wage.

Administration members of the subcommittee want a 75¢ minimum instead of the present 40¢. They have the support of all unions on their stand. But employers who have appeared before the subcommittee don't want the minimum set that high—or anchored so firmly.

The four Republican minority members of the House Labor Committee, which first held wage-hour hearings, took the employers' side. They said in a minority report that it would be better to peg minimum wages to the cost-of-living. They suggested changing the wage floor, if necessary, on Jan. 10 of every year, on the basis of the latest BLS index figure. The minority agreed, though, that there should be a floor below which the minimum couldn't drop—regardless of what happened to the BLS index.

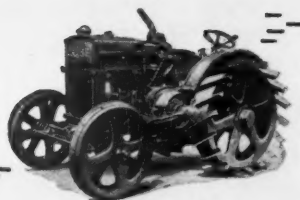
• **Tobin's Stand**—Last week, Senate subcommittee members asked Secretary of Labor Maurice Tobin what he thought of pegging minimum pay to the c-o-f-l. He didn't think much of the idea. The c-o-f-l is just one factor among many, he said, that determine a worker's standard of living.

Then Taft tossed in his suggestion: If we are going to have a sliding minimum, he said, it should be tied to average wages rather than to living costs. A minimum pegged to living costs has no relation to production and production costs. If the living-cost index goes too high, he said, it would raise the minimum wage so much that employers would have to cut back their work force.

Tobin reserved comment on the suggestion.

• **Other Measures**—So far, the Taft plan is a "proposal," not a bill. The bill before the committee is the Administration's Thomas bill (S. 653); it would raise the minimum wage to 75¢, permit further increases to \$1 an hour through industry-committee hearings. The

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House version, already reported out to the floor (H. R. 3190), would raise the minimum wage to 75¢. But it doesn't say anything about later increases, nor does it give as broad coverage as the Senate bill. The Senate's version would cover all workers "affecting" interstate commerce; the House bill would cover only workers "in" interstate commerce

Meanwhile, a House coalition of Republicans and southern Democrats is supporting a substitute for the committee-approved wage-hour bill. This bill would set a 65¢ minimum for the rest of 1949. Beginning next year, the rate would slide up or down with the BLS c.-o.-l. index—but not below a 50¢ wage floor.

Giving Alcoholics a Break

Industry's changed view toward the alcoholic is reflected in the pension plan of New York's Consolidated Edison. It treats alcoholism like t.b. or any other disabling disease.

What should we do about employees who drink too much?

For a long time, management had a quick and uncompromising answer: If they won't mend their ways after a warning, fire them and get workers who will stay reasonably sober.

• **Wartime Change**—But that attitude began to change during the war when it was hard to find experienced replacements. Although the manpower situation has eased up since then, the changed attitude still holds.

The American Assn. of Industrial Physicians & Surgeons heard reports last week on some of the methods worked out by major employers. These reflect a trend to a more scientific and sympathetic handling of the alcoholism problem.

• **Extreme Example**—Consolidated Edison Co., in New York, is an extreme example of industry's new outlook.

If ordinary treatment doesn't help the chronic alcoholic, the company retires him on a pension in keeping with his pay and length of service—just as it retires workers afflicted with tuberculosis and other disabling diseases. The policy, put into effect quietly in early 1947, is recognition, says the company, that "alcoholism is due to a definite pathological condition." It applies only to workers on the payroll more than two years. If alcoholism shows up before that, the worker is dismissed outright.

Since adopting its frank approach, the company has had triple the number of alcoholics on its pension list. But that hasn't affected the number of retirements. Previously, when Con-Ed retired an alcoholic it chalked the retirement up to a byproduct—high blood pressure, cirrhosis, kidney disease, etc.

• **Experience**—Between 10 and 15 employees have been retired each year since 1947 for alcoholism; most would have been retired anyway. About three times the number were considered for retirement, but the others were not found to be chronic or psychopathic alcoholics. What the company calls "playboy" or "party drinker" types got

warnings to quit letting drinking interfere with work—or else.

The company hasn't noticed any increase in drinking since retirement on a pension became a possibility; there isn't any noticeable inclination to "let go."

• **Methods**—Few companies go to the length that Con-Ed does. But many employers, including the Eastman Kodak Co. and E. I. du Pont de Nemours & Co., are profiting by cooperation with Alcoholics Anonymous, an organization of former alcoholics that encourages drinkers to quit.

Some recognize alcoholism as an industrial disease—to be handled as a health problem, through company medical departments.

Others have eased up considerably on former "fire 'em" policies. Personnel departments now handle chronic alcoholics with more understanding—as workers who, with encouragement, might snap out of a personal problem caused by any number of physical or psychological factors.

And generally, most employers now recognize the real cash importance of something they formerly regarded as mostly an annoyance. They want to do something about it.

• **Research**—In part, the changed attitude stems from increased research into a long-neglected problem. Last year, the Chicago Committee on Alcoholism jolted many management men with its report on the cost of excessive drinking (BW—Jul. 10 '48, p. 25). It pointed out that three of every 100 industrial workers are alcoholics: They're away from their jobs on an average of 22 days a year due to excessive drinking. The lost man-days cost industry about \$1-billion a year—without counting the financial cost of lost efficiency on days they have hangovers, and of the accidents that result from fogged judgment or jitters.

Du Pont first recognized alcoholism as an industrial health problem in 1943. It turned to Alcoholics Anonymous for help. Since then, it has rehabilitated about 500 persons—including many non-

employees in plant communities—through A.A. units at 20 plants.

• **New Policy**—Here's the way the company puts its policy now: "No man should be fired, just because he is an alcoholic. If an alcoholic wants to stop drinking, he should be given a real chance. He can be helped, and he is worth helping. When an alcoholic stops drinking, he is a somebody. He is a man of character and intelligence."

If habitual absenteeism or poor efficiency is diagnosed as a result of alcoholism, a worker receives a warning—and is advised to talk his problem over with plant personnel men and doctors. Considerable effort is now being directed to getting supervisors to recognize alcoholism as a disease, to deal with the alcoholic as someone who needs help. This is being done through an educational campaign planned to break down the old stigmas attached to alcoholism.

• **No Pressure**—Afflicted workers who show that they really want to quit drinking are referred to an A.A. unit in the plant community. They don't have to sign up—there's no pressure whatever. It's recognized that the alcoholic must cooperate voluntarily if there's going to be a "cure."

Refusal to cooperate doesn't necessarily mean dismissal. But if chronic alcoholism continues, the worker is on his way out of the plant. Company policy is that an alcoholic who "cannot or does not want to stop drinking should be discharged—the sooner the better."

• **Other Programs**—Eastman Kodak follows much the same policy. Alcoholics Anonymous is a silent partner of both—and all—employers. It frowns on members setting themselves up as professionals to work with other alcoholics. It advises and helps where and when it can, but each program must remain management's own responsibility. (Con-Ed also gets aid from the A.A.)

Companies which are handling alcoholism primarily through medical departments are following a policy the Keeley Institute has advocated for years: Treat alcoholic employees as sick people; give them the same consideration you give those who suffer from other diseases.

These companies: (1) give medical attention to an employee who is frequently absent; (2) have a competent personnel officer—often a former member of A.A.—analyze the case, if alcohol is a factor; (3) treat the case as a disease, not a moral lapse, and hospitalize the case if necessary. Often, introduction to A.A. is a final step in this program.

• **Seafarers Union**—Generally, alcoholism is considered a management problem. But the Seafarers' International Union (A.F.L.) thinks it's a union problem, too. It is campaigning in its labor newspaper, *The Seafarers' Log*, against

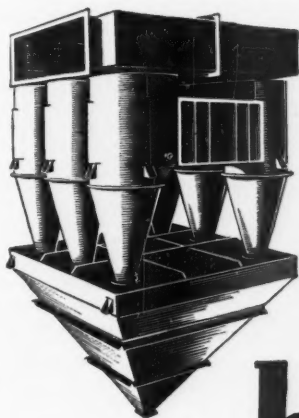
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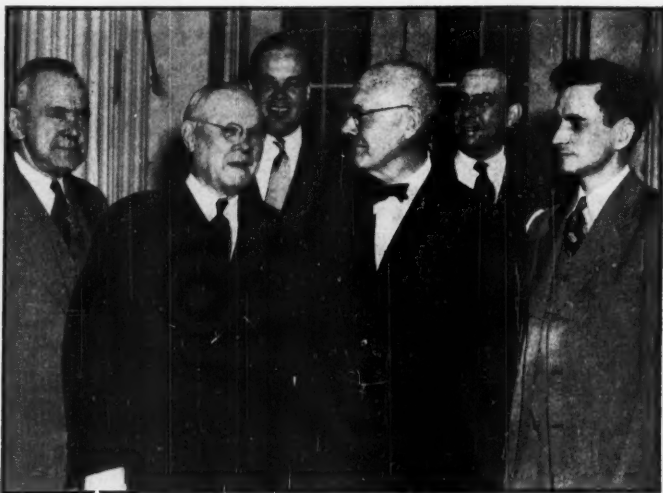
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S.I.U.'s articles deal with alcoholism

as a disease—and a bigger one than tuberculosis, infantile paralysis, cancer, and other problem illnesses. The union paper campaign is being followed up in union halls and by port officers.



LABOR HEALTH GROUP: Front row, left to right, Harvey Brown of I.A.M.; William Green of A.F.L.; Dr. Channing Frothingham, committee chairman; and James Carney of C.I.O. Back row: Chat Patterson, former committee head, and Robert F. Wagner, Jr. They want Congress to pass President Truman's "fair deal" health bill, oppose . . .

G.O.P. Health Program

Republican senators offer a state-aid alternate to the Administration's health insurance. Meanwhile, sickness and disability insurance programs make headway in the states.

The combined Administration-labor "fair deal" health program hasn't made much headway in Congress. Nowadays, most of the talk is about another—and milder—health proposal. It's sponsored by Republican Senators Robert A. Taft, H. Alexander Smith, and Forrest C. Donnell. It's a response to demands for legislation to guarantee medical and hospital care for all.

The Taft-Smith-Donnell plan would cost \$14-billion in the next five years. Most would go as grants-in-aid to states, to help provide health aid for "all families and individuals unable to pay the whole cost of necessary treatments."

• **States' Share**—Grants would be made according to population and state wealth. The states would match federal funds on an ability-to-pay basis. Some of the southern states, for instance, would have to put up very little; wealthy states like New York would find the program costly.

Participating states would have to adopt health programs that meet speci-

fied health standards. But they would have a lot of leeway. The bill is aimed primarily at providing free medical help for the needy. But if a state wanted to it could, for instance, use up to 25% of the federal grant for sickness and disability insurance.

• **Other Provisions**—In addition, funds would be used: (1) to set up an independent national health agency to centralize all federal health work; (2) to finance surveys of existing health facilities; (3) to provide funds for additional hospital and clinic construction; (4) to help states finance medical and dental work among school children; and (5) to increase the nation's medical manpower by providing financial aid for medical and dental schools.

The Taft-Smith-Donnell bill got some quick support from southern Democrats. It also drew sharp criticism from Administration and labor spokesmen as a "charity medical-care proposal" and a Russian-type "system of state medicine." Sponsors retorted that

the aid-to-states program is a move to protect the health of all "without violating our American traditions of personal freedom."

• **Sickness Insurance**—The jockeying on Capitol Hill so far has attracted more attention nationally than an important campaign going on in state capitols. It's a union drive for sickness and disability pay to cushion workers who lay off due to extended illness.

Bills were introduced this year in legislatures of at least 12 states and Alaska. They have been adopted in at least two: Washington and New York. The others: Connecticut, Delaware, Illinois, Massachusetts, Maryland, Minnesota, Montana, Pennsylvania, Vermont, and Wisconsin.

Three states already have sickness and disability insurance laws in effect: Rhode Island and California—the pioneers—and New Jersey (BW—May 22 '48, p. 46).

The New York bill was an administration measure, sponsored by Gov. Thomas E. Dewey. Both labor and business communities split over the bill. A.F.L. backed it; C.I.O. opposed it, because the union had different ideas about financing and administering the insurance. The important Commerce & Industry Assn. backed the plan, while other business groups opposed it as "socialistic" and "unnecessary."

• **Several Choices**—The New York plan will pay benefits of \$10 to \$26 for a maximum of 13 weeks to workers who become ill. Employers will be primarily responsible for providing the necessary insurance—but they will deduct one-half of 1% of pay (up to a maximum 30¢ a week) to help pay for the insurance. Those who already provide sickness and disability insurance can continue the voluntary plans. Those who prefer voluntary plans to the state program may adopt any plan they want to—as long as it meets minimum standards set by the state law.

Thus, employers may provide insurance through: (1) contracts with insurance carriers, including the State Insurance Fund; (2) self-insurance; (3) extension of existing arrangements, if workers agree; or (4) any alternative arrangement that meets standards adopted by the state.

• **Federal Plan**—The Washington plan will pay benefits of from \$10 to \$25 for a maximum of 26 weeks—the same benefits and duration as provided in the state unemployment compensation law. The measure adds 1% to an employee's payroll tax on wages up to \$3,000 a year.

Both New York and Washington bar workers from collecting unemployment compensation and sickness benefits at the same time. Both require a waiting period before sickness benefits can be collected. And they specify that claims must be backed up with a doctor's certificate—to bar malingering.

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LABOR BRIEFS

Building trades unions in St. Louis, Chicago, Cleveland and elsewhere won't seek a pay hike this year. Aim is to stimulate construction, keep employment up.

Steel pay demands will be drafted formally when the C.I.O. steelworkers' wage-policy committee meets in Pittsburgh May 5. Union has already announced its non-wage goals: social-insurance benefits and pensions.

Five-week strike of 10,000 Railway Express Agency employees in New York City ended indecisively this week. A.F.L. unionists agreed to let presidential fact-finders study the dispute. Union is asking a 40-hour week and a 25¢ raise.

Highway contractors and A.F.L. Laborers' Union have signed a statewide contract in Massachusetts. Aim is to stabilize wages and working conditions — let contractors know in advance what labor costs will be. New pact continues 1948-49 wage scales; differences in rates between sections also stand.

It's no strike if just one man walks off his job—even if he's acting on instructions from his union. NLRB ruled that way in a Denver case involving an A.F.L. carpenter. Board held a "strike" implies "collective or group action."

New pay hikes: Monroe Calculating Machine Co., 8¢ and a pension plan costing 5.8¢ per hour worked, to C.I.O. electrical workers. . . Central Illinois common laborers, 9½¢ to 15¢ in fourth-round A.F.L. contracts. . . A.F.L. carpenters in Springfield, Ill., 12½¢. . . Carson Newton Co., Newark, 6¢ now and 2½¢ more in six months, to end a U.E. strike.

Soft-coal miners may now retire on \$100 pensions at 60 instead of 62. Drop in eligibility age may be reflected in a U.M.W. demand for a bigger tonnage royalty in coming contract talks.

No wage change is included in contracts just renewed by four Pittsburgh department stores and A.F.L. upholsterers and carpet and linoleum workers.

The Pictures—Ida Wyman—cover, 26; Reni Photos—19; Int. News—21; Robert Iscar—22, 23; Wide World—42, 58, 106 (left), 121, 122; Arnold Eagle—52, 53, 54; Acme—106 (right), 110; Harris & Ewing—114.



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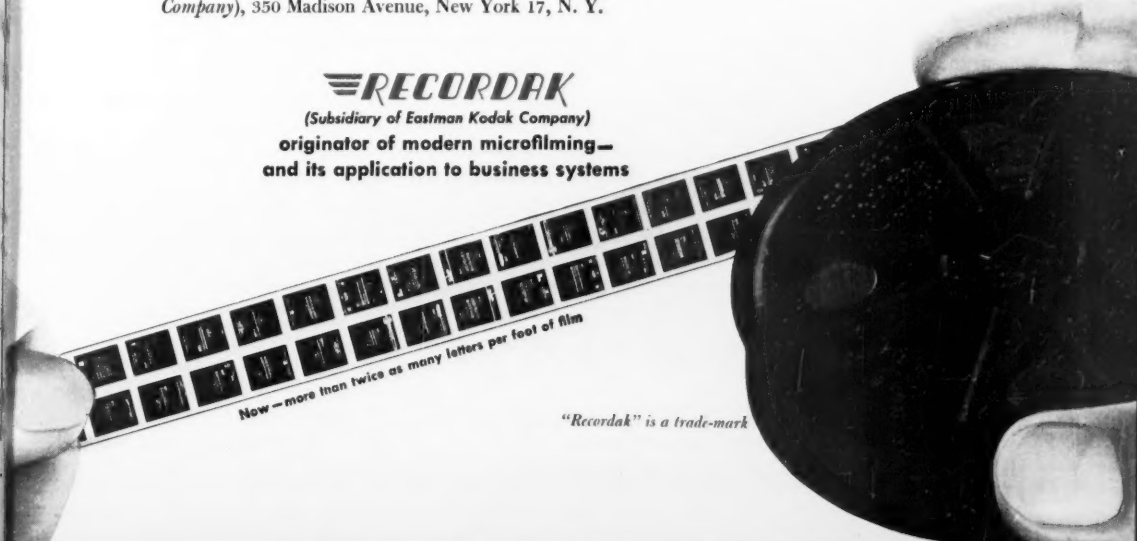
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

APRIL 23, 1949



The Marshall Plan so far hasn't brought Western Europe any closer to economic union.

True, it has been a great booster of production and, in a smaller way, trade. But the American dream that the plan would lead to economic union isn't coming true.

Right now Marshall Plan countries are more anxious to save dollars than mesh themselves into a Western European union. The trend is toward self-sufficiency—even if it means building or expanding uneconomic industries.

If this keeps up, economic isolation is sure to come—both within Western Europe, and between the U. S. and Western Europe—after the Marshall Plan is over.

•
No economic union in Western Europe is likely unless:

- (1) Currencies are stabilized and revalued.
- (2) Trade curbs are eased.
- (3) New investment programs are planned jointly.
- (4) U. S. investments in Western Europe's colonies increase sharply.
- (5) Triangular trade between Western Europe, its dependencies, and the U. S. gets a big boost.

•
Wobbly, unrealistic currencies are at the root of the trouble.

The important thing is to get each currency on a solid basis. And that means more than just a single, sound exchange rate for each. For France, it means building up gold reserves which now are almost zero. Britain must drastically cut its war-created sterling balances, especially those held by India and Egypt.

•
Not much can be done to solve either the French or British money problem by 1952.

So some European observers now hope the U. S. will come across with 100-year gold loans. These might take the place of Marshall Plan appropriations in the last year or come as post-Marshall Plan aid.

By settling its debts with gold, Britain is sure to get a write-off of some of the sterling balances held by India and Egypt. Both countries have refused to give an inch so far.

•
The British government still pooh-poohs devaluing the pound to boost exports to the U. S. and Canada.

Harold Wilson, head of Britain's Board of Trade, insists it's lack of salesmanship—not high prices—that holds back British exports to North America. British businessmen aren't so sure.

Devaluation won't be considered officially until the results of the present export drive are known (BW-Apr. 9'49, p111). The government is basing its stand on unemployment figures—which are still very low.

•
The World Bank is being groomed for a big role in President Truman's world development program.

Steps are being taken to widen the market for World Bank bonds. This will make it easier for the bank to raise capital.

Treasury Secretary Snyder is asking Congress to amend the Bretton Woods agreement and the National Bank Acts. Snyder wants Congress to:

- (1) Let national banks deal in securities issued by the World Bank.
- (2) Exempt World Bank securities from the Federal Securities Act;

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
APRIL 23, 1949

that would put them on a par with federal, state, and municipal securities. Chances are Congress will go along with both these ideas.

Poland and Czechoslovakia want to sell cheap power to Western Europe.

The Poles are ready to build a 330,000-kw. station in Silesia. The Czechs are planning one about half that big.

ECA's mission to Western Germany is studying a proposal to pipe the output of these plants across Bavaria into the Rhineland. From there any surpluses could be sent to other Western European nations.

The Poles and Czechs say they are looking for an outlet for their large reserves of low-grade coal. They offer to build the plants and set up the power lines. But they want the generating and other equipment from the west. They say they will pay for it in power.

The State Dept. and the U. S. military government in Germany are looking into the security angles of the power scheme now.

Marshall Plan money will surely be needed to finance it. And it is sure to run into heavy seas in Washington.

But in Geneva the United Nations Economic Commission for Europe may go to bat for the project. The commission figures coal costs wouldn't be more than \$2 a ton. So the power price is bound to be low.

And, the UN group points out, even if East-West tension doesn't slack off before the equipment is ready, manufacturers (or ECA) wouldn't be left holding the bag. Western Europe's power shortage won't be over by then.

Rain must fall by the bucketful on Western Europe in the next six weeks or hopes of a good 1949 harvest will wither.

ECA experts in Paris say that so far the long drought has hit only Portugal hard. But six more weeks of sunshine will burn big holes into the rest of Western Europe.

Don't look for the breakup of the sterling bloc at the conference of British Commonwealth ministers that opened in London this week.

The conference faces a psychological problem: how to reconcile India's, and to a lesser degree South Africa's, need to demonstrate national independence with the need for unity under the British crown. But this shouldn't be too hot for Britain's constitutionalists to handle.

One thing that helped the Italian government beat the Communists in the election a year ago was U. S. support. Another thing was a promise of land for the Italian peasant.

Last week the Italian government started to make good its promise. Premier de Gasperi announced a land-reform bill that may go a long way toward quelling any revival of Communist popularity.

The bill will turn over some 3-million acres to the peasants. It will cost the state about \$170-million to pay off the landlords; \$700-million for land improvements.

De Gasperi can chalk that up to political insurance. Land reform has long been a political specialty of the Communists. It made their job easier in eastern Europe; probably made the difference between victory and defeat in China. In fact, land reform, more than any one thing, enabled the Communists to come out on top of the Russian revolution in 1917.

BUSINESS ABROAD



CONSTITUTIONAL CONVENTION at Bonn struggles over control of . . .

Western Germany on Parole

German parties fight over a strong central government vs. states' rights. No matter what the outcome, Western Germany will have a large share of economic and political freedom.

FRANKFURT: There is an atmosphere of sweetness and light in occupation offices here. Military government is all but over.

After more than three years of wrangling, the Western powers have decided to set Western Germany free. About all that stands between Western Germany and freedom now is lack of a constitution.

The decision came in four major policy announcements within the past two weeks. They were:

(1) A new occupation statute, giving Western Germany as much leeway to govern itself as western Europe's recovery will allow.

(2) A tripartite control agreement setting up the machinery to enforce the occupation statute.

(3) A final decision on reparations.

(4) A more lenient set of restrictions for Western Germany's industries.

• **Milestone**—If it weren't for the Russians, these would be historic announcements indeed. French security demands, British and French economic self-interest, and the plight of the U.S. taxpayer have all been reconciled.

But thanks to the Russians, history will probably regard them as no more than logical follow-ups to the Marshall Plan and the North Atlantic Pact—stepping stones to unity in the west made

possible by a common enemy in the east. For it is obvious that the western powers have as much to gain in a strong Western Germany as the Germans themselves (BW—Apr. 16'49, p115).

• **Taken Objections**—For this reason western Germans probably won't voice more than token objections to their new status. To be sure many politicians and businessmen are saying in public that the reparations concessions and the revision of production curbs are still inadequate. And many businessmen are skeptical about the controls retained over foreign trade and exchange.

That's only natural. The Germans will drive as hard a bargain as they can. But the fact is many Germans secretly admit that they are surprised at the amount of freedom they have been granted.

Chances are they will be more surprised as time goes on. Since the U.S. taxpayer is paying the bills for Western Germany, the U.S. has retained a veto power over most economic matters under the new trizonal control agreement. So from now on, relief for the U.S. taxpayer and more freedom for the German businessman should go hand in hand.

• **Constitutional Convention**—Far more important, today, than the occupation

statute are the talks going on at the Rhine city of Bonn. Here the new western German state is being born. For many months delegates from all of Western Germany's political parties have been trying to write a "provisional constitution." (It will be provisional as long as Germany is split in two.) This constitution is the only barrier left to Western Germany's return to the western European community.

Bitterest arguments at Bonn have been over which powers should be delegated to a central government, which to the states. Western Germany's strongest party, the Social Democrats, plugs for a strong central government; a coalition, led by the conservative Christian Democrats, defends states' rights.

• **Deadlock**—The Christian Democrats have the blessing of (1) France, because it is bitterly opposed to a strong central government on security grounds, and (2) the U.S. which backs the Christian Democrats as the free-enterprise party. The Social Democrats—counterpart of Britain's Labor party—get some support from Britain.

Right now the convention is in the midst of its most serious deadlock—over taxing powers. But most of the talk is just a camouflage for the real bone of contention: Should Western Germany's heavy industries—especially the Ruhr coal mines and steel mills—be nationalized?

• **Christian Democrats**—On the surface the Christian Democrats have had things pretty much their way. They have just about managed to get an article written into the constitution giving the states priority legislative power over a long list of legal and economic matters. One of them is nationalization.

Of course, having two of the occupying powers as active supporters is a big help to the Christian Democrats. The occupying powers must approve the constitution before it is submitted to the German people in a referendum.

The U.S. is helping out still another way. Under the tripartite control agreement the U.S. rules supreme over decartelization in the Ruhr. That gives the U.S. overseer ample opportunity to see that German trustees, charged with breaking up the old Ruhr combines, don't do the re-rigging in a way that makes them easy game for nationalization (BW—Jun. 19'48, p120).

• **Social Democrats**—Nonetheless, in the long run the Social Democrats stand a very good chance of coming out on top. Another article in the constitution clearly states that the federal government shall have legislative power wherever proposed legislation effects more than one state. Thus, if the Social Democrats get a legislative majority in any future parliament, they can find



SOCIAL DEMOCRAT Kurt Schumacher leads the fight for strong central government

legal grounds for bringing out a bill to nationalize such industries as Ruhr coal and steel, which obviously effect the whole nation's economy.

Rank-and-file Social Democrats at Bonn have about decided that this is all the occupying powers will let them get away with in the new constitution. Not so their gaunt leader, Kurt Schumacher (picture, above). He has fought each concession to the Christian Democrats harder than the one before. Up to now his party has followed him willingly. But the party rank and file now seems about ready to get ahead with the constitution.

• **Reversal**—In announcing the new occupation statute, the western powers made it plain that they expected results from Bonn soon. After the constitution is submitted to referendum, elections must be held for a "parliamentary council."

The new allied rules for German industry will leave any western German government with plenty of industrial elbow-room to give their nation a healthy economy. Despite German complaints, the western powers have just about reversed themselves since the Morgenthau days, when Germany faced being a nation of farmers.

• **Easing Restrictions**—The decision of the western powers to scratch 159 plants from the reparations list, plus the easing of restrictions on war-potential industries—such as aluminum, ball bearings, and shipbuilding—marks the end of the occupation's punitive phase. The trend is underscored by provisions in the new production schedule for further easing of restrictions on these industries—and steel—at an early date.

The western Germans may get mild U. S. sympathy for one of their gripes. Certain individual steel plants, which produce products in short supply, were left on the reparations list despite the recommendations of ECA's Humphrey committee, whose report formed the basis of the reparations agreement. The British and French forced the compromise.

• **Thyssen Plant**—One case where the British and French won out over the U. S. is that of the August Thyssen Huette steel works, at Hamborn. The Humphrey committee recommended that the plant be allowed to operate on a limited basis for five years because it produced certain products that ECA forecasts will be critically short in the U. S. and western Europe for the duration of the Marshall Plan.

Even disappointed U. S. officials in Germany realize that retaining a plant under such conditions would be the same thing as keeping it off the list forever. Besides, many officials believe the Germans can find alternate capacity elsewhere.

• **Steel Production**—On paper it looks as though Western Germany will have a tough time readjusting steel production under the new ceiling of 11.1-million metric tons a year. (Capacity limit: 13.5-million ingot metric tons a year.) In peacetime Germany's steel needs are roughly figured at 14.5-million metric tons a year. Output now is averaging 9-million metric tons plus a

year. It is likely to reach the allies' limit by year's end.

But current production is based on an abnormal amount of scrap. As scrap availability declines, production will go with it unless Western Germany can up its imports of iron ore. Sweden, which shipped 74% of its ore exports to Germany before the war, has been trading elsewhere lately. Even with strong pressure from ECA, the Swedes are only shipping 24% of their ore exports to Germany.

New production ceilings on aluminum and ballbearings will leave Western Germany with an adequate supply of both commodities.

The aluminum ceiling is 85,000 tons a year. Provision is made for an upward revision at an early date. But with no aviation industry, the present ceiling should be enough.

Ballbearing capacity is frozen at its present limit, around 33-million units a year. This will be enough to supply domestic needs as well as traditional peacetime export markets.

The western powers still won't let Western Germany produce synthetic oil and rubber. But that's good economics as well as a necessary security consideration. High production costs would offset any savings in foreign exchange that production of these items might allow. Besides, the British look on Western Germany as a good customer for their raw rubber and their Middle East oil.



Sweden Unveils a Midget Car

The privately owned Swedish aircraft company, Svenska Aeroplan A. B., is turning to automobile production to keep its employees on the job full-time. So this fall Sweden will enter the SAAB 92 on the European car market. A stream-lined ver-

sion of a typical European small car, the SAAB 92 costs about \$1,350 to produce. The car gets 32 mi. to the gal. and has an all-welded underside designed for the purpose of cutting down air resistance and keeping vital parts free from dirt.



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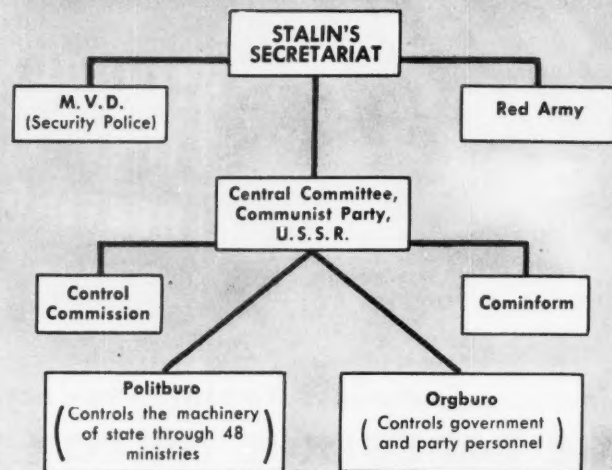
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Russia's Pyramid of Power



Stalin Concentrates His Power

Fear of western unity brings shakeup in Kremlin. To build a stronger war potential, Stalin takes power from Politburo, gives it to Malenkov—the strongest deputy the Soviet dictator has ever had.

Stalin's bloodless purge of some of his top-management men is as puzzling as it is dramatic. The shakeup is obviously important. But what does it mean? In the following article, we give the answer—as best it can be obtained from experts this side of the Iron Curtain plus information, hints, and "tips" in Russian journals.

The postwar period in Russian strategy is over. The prewar period has begun.

The raging battle over the North Atlantic Pact in the United Nations this week, and the Communist-rigged World Congress for Peace that has just opened in Paris are important signs of change. Each aims at inspiring non-Communists into weakening the West's newly forged unity. The day of fruitless peace talks has passed.

• **Tighter Reins**—Meanwhile Stalin is reorganizing his whole administration for a war crisis. This involves an extreme centralization of authority within the Russian Communist Party. In times of crisis, all power in a dictatorship resolves on one man. And in Stalin's eyes the North Atlantic Pact has brought on a crisis.

The recent reshuffling of the Kremlin's high command has stripped many

of Russia's foremost Communist leaders of their administrative apparatus. In their place technicians have come to the fore—men who can follow orders, Stalin's orders.

As always when Stalin changes his course, his first steps are mysterious and contradictory. Why should trusted men of the Politburo, like Foreign Minister Molotov and Foreign Trade Minister Mikoyan, be relieved of direct control of their affairs?

• **Up With Molotov**—Molotov reached the peak of his career as Minister of Foreign Affairs. He became a first-rank figure when he signed the nonaggression pact with Hitler in 1939. After that he brought to his ministry power without precedent in its history.

Molotov spoke for Stalin at San Francisco and Potsdam. He created Russia's German policy. He broke into the small circle of Stalin's possible successors.

• **Road Down**—Since the war, the Ministry of Foreign Affairs—and Molotov—have become less and less important. In 1946 Stalin created a "Commission for Foreign Policy," consisting of Molotov, Mikoyan, and the late Andrei Zhdanov. Its task was to plan the tactics of the cold war with the West. Stalin creates such commissions when

he wants to dole out to his subordinates responsibility that is sharply limited.

Each member of this committee was to lead one prong of Stalin's attack to drive the U. S. out of Europe—or bring the U. S. to Stalin's terms. Molotov was to carry the ball on the diplomatic level—to cause endless confusion and finally complete breakdown in one diplomatic conference after another. Zhdanov worked through the Cominform, which he helped to found. He was to incite limited civil war through western Communist Parties to make economic recovery impossible. Finally Mikoyan was to create confusion in trade circles and keep it rampant.

These men failed in their ultimate aim. Zhdanov is dead. But Mikoyan and Molotov are alive and must pay the price.

• **Man of the Hour**—The emergence of Malenkov as Stalin's first deputy suggests that Stalin has taken all real power from the Politburo and put it where it always goes in time of crisis—in Stalin's own hands. For Malenkov today is the strongest deputy Stalin has ever had. He rules more of the key organizations in Stalin's power pyramid than any man has done before him.

In the first place, Malenkov is a member of Stalin's own secretariat (chart, page 124). None of the recently deposed members of the Politburo could claim the same. The secretariat is the top power organ in the Soviet Union. Its authority is unlimited. The M.V.D. (secret police) and the Red Army answer directly to it.

Malenkov, Andreyev (commissar for Soviet agriculture), and Stalin are the top members of the Central Committee of the Communist Party. Through the committee, Stalin's secretariat writes the agenda of the Politburo, which controls the state machinery, and the Orgburo, which handles personnel. After Stalin, it is Malenkov who is top man on both bureaus.

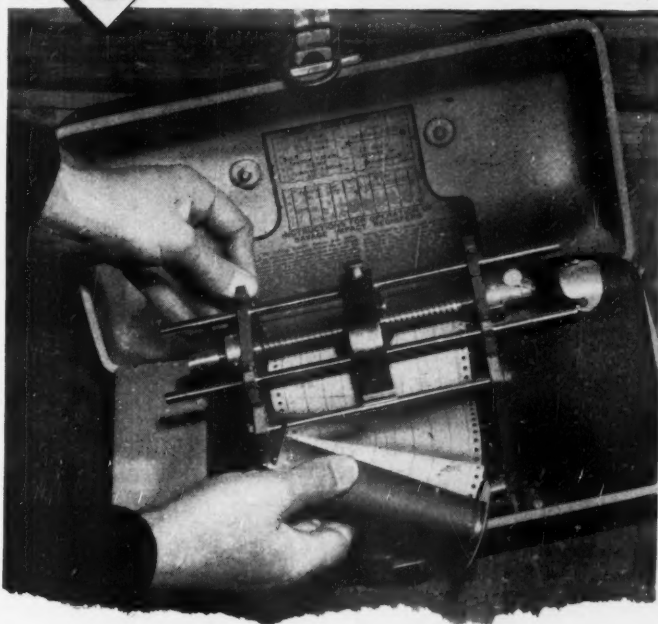
• **Orgburo Man**—The Orgburo has the job of hiring and firing party men in all branches of the sprawling Soviet state and party hierarchy. It was Malenkov's work as head of the Orgburo that won him his reputation. He was Stalin's personal secretary for four years before he became Orgburo boss in 1934. In that job, he kept such close tabs on party men in key posts in Russia that his colleagues dubbed him "the man with the card-index brain."

Finally, as first secretary of the Central Committee, Malenkov directly controls all Cominform activities. With Zhdanov, Malenkov founded the Cominform.

Andreyev rules the Control Commission, which polices the activities of party men in the government. But Andreyev apparently throws little political weight. He is perhaps best de-



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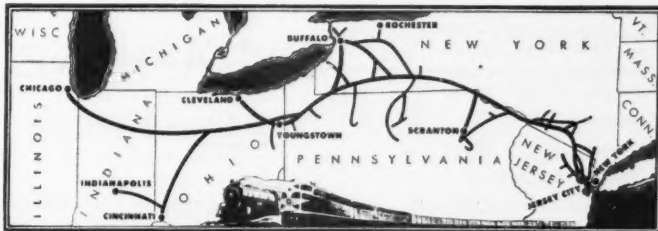
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• **Present "Crisis"**—Stalin would never allow such concentration of power in one man's hands without good reason. It looks as if he thinks the conclusion of the North Atlantic Pact will bring a dangerous crisis in Russian internal and foreign affairs. At such times internal bickering could be disastrous.

Just what danger does Stalin see from the North Atlantic Pact? One clew comes from the recent public confessions of Professor Varga, one of Moscow's most recalcitrant economists (BW—Jan. 31 '48, p22). Varga has long held out against the party line that an economic crisis in the U. S. is imminent. Now apparently the Kremlin has decided such a crisis is just about here. So Varga has to eat crow. Communist logic holds that an economic crisis in a capitalist country leads inexorably to war, that "Wall Street" resorts to war as the only way out of a depression.

If Stalin really does fear attack, then it follows that his shakeup is designed to build up the strongest possible political, strategic, and economic stronghold from which to wage war.

• **On Foreign Front**—Beyond the Soviet's borders, the Cominform has already led its disciples to the threshold of treason. Communist Parties all over the world have parroted the new line: "We will welcome the Red Army as liberators from the forces of aggression." Stalin must know that by these orders he has sacrificed the chance of using most of his Fifth Columns if war comes. But apparently he feels that time gained now by promoting confusion in the West will be worth it.

Yugoslavia presents a special problem. It must be neutralized or brought back to the Soviet corral. This will be the limited task of technician Vishinsky, new Minister of Foreign Affairs.

• **On Home Front**—On the home front, Stalin has brought forth "the greatest budget in the history of the U.S.S.R." It has all the earmarks of Russia's 1939-40 budget. Industry will be financed by inflation. Consumer goods will be shorter; capital investment will be concentrated in war industries, particularly in aircraft.

• **Time Will Tell**—The next year or so will tell whether Stalin has set a permanent new course or just a temporary defensive detour. By that time, too, the world will know whether the new structure of the Kremlin's pyramid of power is permanent (that is, whether Stalin has chosen his successor)—or whether Stalin has just formed a crisis cabinet.

One thing is certain now. Stalin's shakeup proves that the West, for the first time since the war, has seized the initiative. Stalin is no longer calling the plays. If peace is possible, this is the way it will be brought about.

ECA'S LEDGER

ECA has suddenly changed its mind about buying hard-to-get metals abroad. Reason: Copper, lead, and zinc aren't hard to get any more.

U.S. metal producers can look for a 20% to 30% increase in ECA-financed buying of U.S. metals this year. Export controls are still in effect on most nonferrous metals. So, with the easing of domestic demand, ECA officials realize that domestic producers will have a legitimate gripe if ECA continues to encourage off-shore buying.

Other Developments

ECA law. Here are the important changes in the ECA authorization act as finally passed by Congress:

(1) The final "50-50" shipping clause is a compromise between Paul Hoffman's stand and that of the U.S. shippers. From now on, ECA must catalog shipments from the U.S. as bulk, liner, or tanker cargoes. "As far as is practical," U.S. ships must get half of each category.

(2) A limit of \$150-million will be set on guarantees to U.S. companies investing abroad during ECA's second year. Nowhere near that much was used during the first year.

(3) ECA aid will be withheld from any nation against which the United Nations has taken preventive or enforcement action. So far, the U.N. hasn't been able to take enforcement action against anybody.

Strategic materials. ECA has authorized Britain to buy \$550,000 worth of U.S. machinery to boost output of cobalt at the Rhokana Corp.'s plant in Northern Rhodesia. In return, the U.S. will get a five-year option to buy 10% of the production increase for U.S. stockpiles.

Drugs. ECA will let France buy more than \$500,000 worth of U.S. machinery and services, to allow two French plants to produce streptomycin. Merck & Co. is providing technical assistance. One plant alone will be able to turn out \$3.5-million worth of the drug a year.

So far, ECA countries have bought \$9-million worth of streptomycin in the U.S. France got \$6-million worth. ECA estimates that some 2,500 tuberculosis victims in France alone owe their lives to the Marshall Plan shipments.

Counterpart funds. ECA is releasing 70-billion lire (\$120-million) from Italy's counterpart fund to give the Italian railroads a thorough overhauling. Object is to cut in half the current operating deficit of 60-billion lire a year.

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THE TREND

National Labor Relations Board Needs Congressional Supervision Now

The controversy raging over a new labor bill seems to have overshadowed this fact: Our present labor-relations statute—the Taft-Hartley act—is still the law of the land.

While T-H is being administered and interpreted daily by the National Labor Relations Board, the heat lightning playing over Congress has diverted attention from the board's work. The NLRB makes law all the time, by its rulings and decisions. Unless it is reversed by the courts, the board stands as final authority in the vital area of union-management relations.

The Intent of Congress

A case now before the board involves the Metropolitan Life Insurance Co. and the United Office & Professional Workers Union (the union claims to represent the company's agents in 10 states). The case tolls a reminiscent bell (page 106).

The Taft-Hartley act made a direct attack on the Communist problem by providing that unions led by Communists could not have government help in getting established. Congress did this in a way which might not be the wisest way of getting it done. Nevertheless, the intent of Congress was made plain. The device for depriving Communists of government help on the labor front is the "non-Communist affidavit." Any union that uses NLRB machinery must first have its officers file an affidavit in which they swear they are not members of, or affiliated with, the Communist Party.

NLRB Help for Communists

Now the U.O.P.W., which has been organizing in Metropolitan, is a notorious "party-line" union. It has been so labeled by Philip Murray, president of the C.I.O., with which it is nominally affiliated. Yet it is being aided by NLRB in its efforts to make Metropolitan recognize and bargain with it.

It got this help by having three of its vice-presidents become "division heads" of the union. As non-vice-presidents, they did not have to sign the non-Communist affidavits. They are, presumably, still doing their vice-presidential work, because their former titles are not held by anyone else. U.O.P.W. also got this help by another stratagem. According to Metropolitan, the union had its president become guilty of fraud in executing a non-Communist affidavit while he "for a long period before and ever since . . . has been affiliated with the Communist Party."

But in the case of Metropolitan—as in other cases where there has been an offer to prove fraudulent affidavits—NLRB has held that it has no interest in the

matter. It stands on the narrow, technical position that the affidavits have been signed and that's enough. It remains deaf to the argument that it thus distorts the intent of Congress into what is, in fact, a reversal of Congress' will.

Board Is Not Consistent

The only possible ground on which the NLRB position can be defended is that the NLRB must stick to the letter of the law. But the NLRB has not felt obliged to stick to the letter of the law in other matters.

The fact is that it seems to be able to construe the statute broadly whenever doing so suits its purpose. For example, a recent ruling by a board agent stated: "The law looks to substance, not to form. . . ." and on that ground it based a decision that brushed aside objections resting on the language of the Taft-Hartley act. Why does the NLRB refuse to look at the substance of the Communist-affidavit cases?

Tackling the Problem

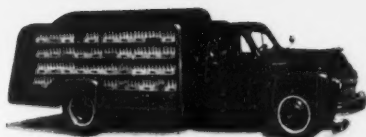
Metropolitan is determined to pursue the issue of NLRB's blindness on the Communist question into the courts. But that will surely be a protracted affair. It will take even longer to resolve than the controversy over what a new labor law should contain. In the meantime, unions dealing with hundreds of employers in some of our nation's most vital industries remain Communist-controlled and enjoy the protection of NLRB.

How can the problem be dealt with now? One simple thing could help. The Taft-Hartley act established—in one of its most noncontroversial provisions—a joint Senate-House "watchdog committee." Among other things, this committee was directed to keep administration of the law under scrutiny. Early in this session of Congress, it rendered a report and went out of business. By simple resolution, this committee can be reconstituted. Then it could blow the whistle on NLRB until such time as a new law puts the intent of Congress on the Communist problem above any possible misinterpretation.

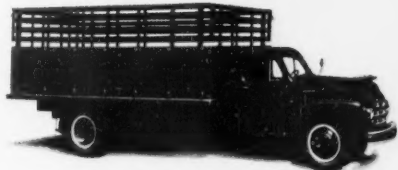
Call Out the Watchdog

The old watchdog committee never tried to interfere with NLRB's judicial integrity. But its surveillance undoubtedly kept the board more sensitive to Congress' intent.

That is what is needed now. Otherwise, the objective of a law can be frustrated by a majority of five men appointed to their posts by a President who has made the Taft-Hartley law his personal enemy.



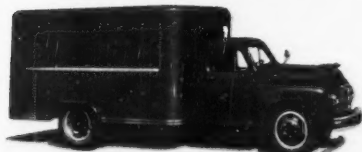
1½-ton shown with bottle's body



2-ton shown with grain-stock rack



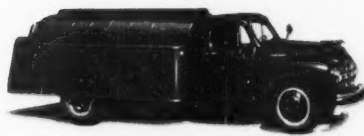
1½-ton shown with 12-foot bakery body



2-ton shown with 12-foot closed van



2-ton shown with 2½-3 cubic-yard dump



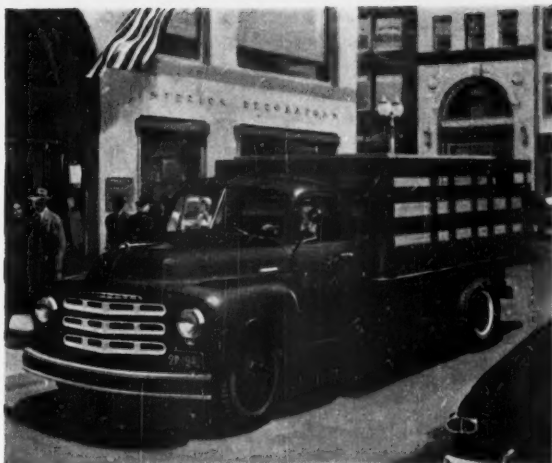
1½-ton shown with gasoline tank body



1½-ton shown with 12-foot platform



1½-ton shown with refrigerator body



1½-ton with 12-foot platform stake body

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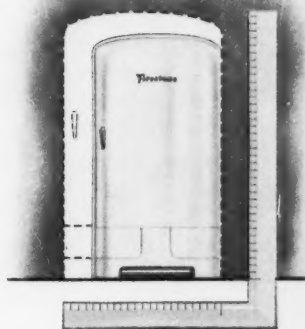


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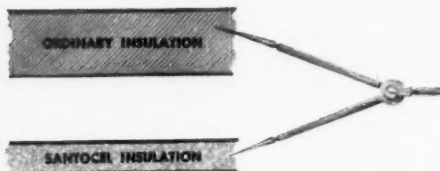
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